

Police, Moslems in Jerusalem Clash Over Jewish Pilgrimage

Glenn Frankel
Washington Post Service
JERUSALEM — Arabs clashed with the police atop the Temple Mount on Sunday morning, causing hundreds of Jewish worshippers and tourists to flee from the nearby Western Wall.

The trouble began when hundreds of Palestinian demonstrators fought to block entry to the religious area to ultra-orthodox Jewish pilgrims who had come to pray at the site, which contains two Islamic mosques and is sacred to both Moslems and Jews.

Policemen escorting the Jewish pilgrims fired tear gas canisters and shot in the air to disperse the rock-throwing crowd.

The tear gas wafted over the Western Wall, Judaism's holiest site, which is just below the mosques. Hundreds of Jewish worshippers there to celebrate the autumnal festival of Sukkot were forced to flee, some of them shouting in panic.

Meanwhile, a young Jewish man who was shot in the head Saturday night in Jerusalem's Old City in a separate incident died of his

wounds. And the Israeli-occupied Gaza Strip, where four Palestinians and an Israeli internal security agent were killed in a gun battle last week, erupted in rioting for the fifth straight day.

The Temple Mount, in the southwest corner of the Old City, is reputedly both the site of King Solomon's Temple and the spot from which the Islamic prophet Mohammed ascended to heaven.

Since Israel occupied and annexed Arab East Jerusalem following the 1967 Six-Day War, it has remained under administrative control of the Waqf, an Islamic institution that has barred non-Moslems from prayer.

The arrangement has come under increasing fire from rightist Jewish activists, who have pressed for Israeli rule over the area.

The Temple Mount Faithful, a small group of activists, announced in advance that it had received permission to visit the site Sunday morning and that it would hold a Jewish prayer service there. The police denied that Jewish prayers would be allowed, but the announcement led Moslem activists to organize a protest.

A police spokesman said the Palestinians had refused orders to disperse and that the police had then acted. About a dozen Arabs were arrested.

"On the one hand I'm satisfied," Gershon Solomon, leader of the Jewish group, said afterward. "I feel proud today that the Israeli police and the Israel Defense Force proved that Israeli sovereignty applies on the Temple Mount. On the other hand it pains me that we have not to the point where a large force has to be brought up to prevent Arabs from running wild. And about what? About Jews going up to the Temple Mount?"

Arab officials at the site said nearly 50 Palestinians were taken to hospitals suffering from tear gas inhalation.

There were further disturbances Sunday in the Gaza Strip, where troops shot and wounded at least seven Palestinian demonstrators in severe clashes on Saturday.

A military spokesman said a gasoline bomb had been thrown at an army patrol in the city of Gaza but had not exploded and that demonstrators had burned tires and thrown stones at soldiers.

All stores in the main streets were closed in a strike to protest the killing by soldiers of four armed Palestinians last week.



Moslems carrying away a fellow protester who was overcome by tear gas Sunday on the Temple Mount in Jerusalem.

Candidate's Declaration Divides Seoul Opposition

By Clyde Haberman
New York Times Service

SONG NAM, South Korea's most prominent opposition figure, left little doubt at a public rally here Sunday that he was running for president, following an announcement by his chief rival, Kim Young Sam, that he has entered the race.

Although Kim Dae Jung stopped short of declaring his candidacy, he is considered likely to follow with an official declaration of his own after this week, barring a reversal that seemed hard to imagine after his statements Sunday.

"The great majority of the people will want me to run," Kim Dae Jung said, in his clearest indication that he would be a candidate. "I am he one who is needed today."

On Saturday, Kim Young Sam, announced his presidential candidacy, saying he was tired of weeks of fruitless wrangling and that it was time for action.

Kim Dae Jung's remarks before a crowd of thousands of supporters added a troubled weekend for South Korea's political opposition, as it suffered a severe split despite previous promises to stand united against a government that it decries as a military dictatorship.

For weeks, South Koreans have been riveted by the growing rivalry between the two Kims and their obvious inability, despite frequent pledges of allegiance, to set aside old rivalries and long-frustrated ambitions to become president.



Kim Dae Jung speaking at a rally Sunday near Seoul.

Many of his supporters have been openly dismayed by the split, believing that only a united opposition led by a single candidate could guarantee victory against the ruling party in elections expected in mid-December.

Acknowledging that he, too, was concerned, Kim Dae Jung told the crowd Sunday that the ultimate goal was to defeat not Kim Young Sam but the government party and its candidate, Roh Tae Woo. He suggested, moreover, that it was conceivable that either he or the other Kim might ultimately drop out of the race if it looked like victory was beyond reach.

"Kim Young Sam and I will cooperate in the face of military dictatorship," he said. "At the last minute, if it is needed to defeat the military dictatorship, we will make whatever sacrifice is necessary to make sure that the ruling party cannot win."

Echoing charges made the day before by Kim Young Sam, Kim Dae Jung accused the government party of having tried to buy votes by handing out gifts during a long holiday season that ended Sunday. It was the first clear signal that the opposition would charge fraud should it lose to Mr. Roh in December.

This working-class city, 15 miles (24 kilometers) south of Seoul, is a natural constituency for Kim Dae Jung, and an enthusiastic crowd filled an open field to hear him.

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Arabs Fear U.S. Fleet Won't Thwart Iran

By Patrick E. Tyler
Washington Post Service

ABU DHABI, United Arab Emirates — Despite two dramatic displays of military power in recent weeks, the U.S. Navy's deployment to the Gulf has failed to convince a number of Arab leaders that the American military presence will prevent what the Arab states fear most — an Iranian victory in the land war against Iraq.

According to Arab officials and advisers to the governments on the western side of the waterway, the inescapable concern controlling Arab attitudes toward the United States is Iran's enduring, belligerent presence and the potential threat it will pose when the Western fleets inevitably depart or shrink.

Iran skillfully exploits these fears in diplomatic contacts with Arab leaders, according to Arab sources, while the administration of President Ronald Reagan, already in conflict with Congress over U.S. military involvement in the Gulf, cannot guarantee the outcome of the war.

And, although U.S. military officials have been buoyed by the capabilities they have demonstrated against Iranian speedboats and mine-laying operations, navigation in the Gulf remains as dangerous an enterprise as before the Western fleets arrived, perhaps more so.

The inability of the U.S. and other Western navies to cope with dozens of attacks on unescorted merchant vessels since midsummer has raised questions about whether the United States can field "a coherent, forceful and consistent policy" in the region, as one official put it.

One key adviser to the Arab governments suggested that firm U.S. military action — such as the Sept. 21 attack on the mine layer Iran Ajr and Thursday's helicopter retaliation on Iranian gunboats — will convince Arab leaders over time of an unstated U.S. commitment to blocking an Iranian victory in the broader war.

Pentagon officials say U.S. forces are in the Gulf only to protect U.S.-flagged vessels, but they also speak increasingly of the U.S. mission to "contain the war," and such statements have further raised Arab expectations.

U.S. policy in the region has little to offer on the larger issue of containing Iran or blunting the formidable Iranian thrusts against Iraq's borders.

"The whole issue is out of focus when one talks about accompany-

ing or escorting ships," said one Arab adviser. "The issue is the war and how to end it."

U.S. assurances on how the war will turn out are limited to promises that the Reagan administration is doing what it can at the United Nations, where the 15-member Security Council adopted a cease-fire resolution in July but has delayed consideration of an arms embargo against Iran for noncompliance.

"I don't think the war is going to stop for any of this," said one Arab adviser, who believes that Iran has been using diplomacy to buy time in preparation for a major land offensive this fall and winter.

Some Arab leaders have been privately pressing Washington to declare that the United States will not allow Iran to win the war.

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Japanese Are Returning to Cutting Edge of Physics

By Walter Sullivan
New York Times Service

TSUKUBA, Japan — A new particle accelerator, causing electrons and positrons to collide at energies higher than those of any other such laboratory, is restoring Japan's prewar position near the front rank of experimental physics.

Scientists at KEK, Japan's National Laboratory for High Energy Physics, are using the machine, the Tristram, in an effort to create elementary particles of matter. To do this, they are using the positively charged twin of the electron, called the positron.

The device is a part of Japan's increasing emphasis on basic research; its operators hope it will continue to be productive long after more powerful machines are in operation.

The achievement the Japanese are probably seeking most is creation of the elusive

top quark, one of the hypothetical basic particles from which other subatomic particles are believed to be formed.

To date five quarks, including those assumed to be building blocks of the protons and neutrons in all atomic nuclei, have been observed.

They occur in three families, those with the least mass being the two quark types of which protons and neutrons are made. In addition to another two in the intermediate-mass range, one member of the pair with the greatest mass, the bottom quark, has been observed, but not the other, the top quark.

The quarks with higher mass combine to form short-lived particles normally observed only when produced in high-energy collisions.

If all efforts to produce the top quark fail, it will mean that there may be something wrong with current theories about

the nature of matter, according to Satoshi Ozaki, director of the Tristram project. Particles like the heavier quarks do not occur in the everyday world. They can only be created, and very briefly, in the fireball produced by very-high-energy collisions of subatomic particles.

The highest energy collisions are those between such heavy particles as protons and their mirror-image twins, antiprotons. These are produced in the Tevatron of the Fermi National Accelerator Laboratory in Batavia, Illinois. Their collisions generate an enormously complex spray of atomic fragments, making it difficult to tell whether a top quark lies hidden in the debris.

Electron-positron collisions, like those in the Tristram, avoid this problem by using particles that, so far as is known, have no internal structure and no mass. They are dimensionless points.

Because they are of opposite charge, radio waves that accelerate electrons in one direction push positrons in the opposite one.

The Tristram can therefore simultaneously boost both kinds of particles in opposite directions in the two-mile (three-kilometer) ring in which they are accelerated.

The counter-rotating electrons and positrons collide head-on in four experiment areas uniformly spaced around the ring.

The Tristram is boosting the beams to 26 billion electron volts, or giga electron volts (GeV). This autumn the energy should increase to 28 GeV, and by next summer added superconducting magnets are expected to raise the energy to between 30 and 33 GeV.

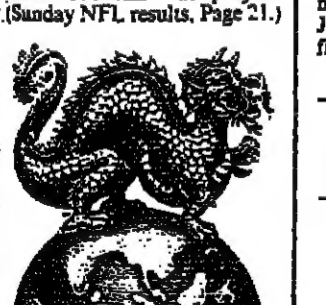
With the Tristram and other machines, the Japanese are seeking to re-establish See ATOM, Page 5

Kiosk

NFL Owners Break Off Talks

TYSONS CORNER, Virginia (UPI) — Management broke off talks Sunday in the three-week-old National Football League strike, calling the players' latest free agency proposal a "roadblock." Gene Upshaw, executive director of the players' union, called the owners' move "orchestrated."

The two sides met for about 35 hours over six days in this Washington suburb before Jack Donlan, the owners' chief negotiator, ended the talks Sunday as a second weekend of non-union football was played. (Sunday NFL results, Page 21.)



Two of Asia's "little dragon" markets, Taiwan and Hong Kong, were the stars for offshore funds in the Pacific basin. Personal Investing, Pages 7-14.

GENERAL NEWS

- China now says about 50 foreigners joined in the recent protest riot in Tibet. Page 2.
- General Motors and General Electric seek the right to launch communications satellites from Soviet rockets. Page 4.
- Tamil violence prompts India to turn against rebels. Page 2.

MONDAY Q&A

■ Laura Genovese, a deputy assistant secretary of state, describes the U.S. position on the UNES- CO election. Page 2.

SPORTS

■ Detroit kept itself afloat in the American League playoffs, and San Francisco tied the National League series. Page 21.

BUSINESS/FINANCE

■ The U.S. is likely to seek indictment of E.F. Hutton for allegedly laundering money for organized crime. Page 15.

For Soviet Travelers, Bad Trip Is About the Only Kind

By Philip Taubman
New York Times Service

MOSCOW — Aeroflot flight 3868 was ready for takeoff from Irkutsk, eastern Siberia's largest city.

Already seven hours late on a 4,000-mile (6,500-kilometer) journey from the Black Sea resort of Sochi to the Far East city of Khabarovsk, the airliner was filled with bedraggled passengers and nearly hysterical children.

As the plane turned to face down the runway, a father sitting in the front row propped his young daughter on a narrow table hanging from the bulkhead.

A woman several rows behind reclined her seat and tossed one loose end of her seat belt over the armrest.

The open luggage rack overhead, crammed with heavy bags and packages, many sitting precariously near the edge, started to shake ominously as the takeoff began.

The cabin crew, having provided no safety information and made no effort to see if seat belts were fastened, was out of sight in the galley.

For Westerners traveling in the Soviet Union, the customs of Aeroflot, the world's largest airline, can be a puzzling curiosity. To Russians, they are an integral, and seemingly unchanging, part of the ordeal of travel.

It is an ordeal that often distills into a single moment of journey the almost unimaginable inefficiency of the Soviet economy, and it gives an idea of the monumental problems Mikhail S. Gorbachev faces as he tries to modernize Soviet society.



Soviet travelers, such as these in a Moscow train station, often face long, crowded delays.

Foreign visitors who complain about uncomfortable planes and sanitized tours in the Soviet Union do not realize how pampered they are by Interior, the government agency that arranges and supervises most foreign travel.

It takes a few years of living in

the Soviet Union, and traveling widely, for a Westerner to begin to appreciate the hardships that most Russians put up with when they take a trip.

A recent 10,000-mile trip from Moscow to the Soviet Far East, with stops in Irkutsk, Khabarovsk, and the Pacific port of Nakhodka, near Vladivostok, was a reminder

that for Russians, moving about the Soviet Union means total immersion in discomfort.

This year, in a speech about economic problems, Mr. Gorbachev pointedly said: "We cannot put up with an unsatisfactory situation in passenger transport."

Aeroflot service has come under criticism, and, according to airline

officials and newspaper reports, the airline is making changes to better accommodate passengers. The Ministry of Railroads and other agencies involved in moving people have also promised improved service.

Unlike foreigners, who order their train tickets in advance and usually travel in relatively clean two- or four-person sleeper compartments, Russians face maddening delays trying to buy tickets and can spend hours, and sometimes days, waiting in overcrowded stations.

Moscow's train stations, which foreigners glide in and out of with porters carrying their bags and a bus or car awaiting them, can evoke Dickens's bleakest images of 19th-century misery.

The main stations in Moscow are perpetually filled beyond their capacity with waiting passengers, often crowded into underground waiting rooms out of sight of foreigners.

West German Politician Found Dead

By Serge Schmemmann
New York Times Service

BONN — A young West German politician who had been at the center of a political scandal for the past month was found dead Sunday in a Geneva hotel. The Swiss police had no immediate indication of the cause of death.

The politician, Uwe Barschel, 43, resigned as premier of the northern state of Schleswig-Holstein on Sept. 25 after a former aide said that Mr. Barschel had ordered a series of dirty tricks against his Socialist challenger in elections earlier last month.

The scandal has dominated the West German press since, with a steady progression of revelations and accusations.

Mr. Barschel, who went to the Canary Islands to vacation after resigning, was returning to the state capital of Kiel to testify Monday in a parliamentary inquiry. According to reports from Geneva, Mr. Barschel's fully clothed body was discovered at midday by a West German reporter who had come to the Beau Rivage Hotel for an interview.

Although initial West German news bulletins said Mr. Barschel had committed suicide, the police in Geneva said they had found no evidence of a bullet wound or any visible sign of violence. The police

See BARSCHTEL, Page 5

Iranian Tells of Stingers

He Says Missiles Might Be Fired At U.S. Forces

The Associated Press

WASHINGTON — The chief Iranian delegate to the United Nations said Sunday that his country had acquired U.S.-made Stinger anti-aircraft missiles.

The delegate, Said Rajaei-Khorassani, also said Iran might use the American-made missiles against the United States.

"We are prepared to use them against any enemy aircraft in the Gulf," he said, adding that U.S. forces were "enemy aircraft."

Mr. Rajaei-Khorassani, in a televised interview program, initially refused to confirm or deny statements Friday by Defense Secretary Caspar W. Weinberger and the Pentagon, both of whom said two Iranian Stinger gunboats captured by U.S. forces in the Gulf contained equipment "believed associated with the U.S. Stinger system."

But asked again later if Iran had Stinger missiles, Mr. Rajaei-Khorassani said, "Well, let's let us suppose that we have them."

He suggested that Iran might have acquired the missiles through a middleman, as it did when the United States sold arms to Iran and diverted profits to the Nicaraguan rebels.

"It goes back to the old stories about the dealings with the certain American middlemen," Mr. Rajaei-Khorassani said. "We could have gotten them from there." He refused to be more specific.

Vernon A. Walters, the chief U.S. delegate to the United Nations, disputed the Iranian statements but said he would not be particularly concerned if Iran did acquire Stingers.

"If they had them," Mr. Walters said on the same program, "they would have used them against the Iranian who are raiding their cities and their military installations."

On Thursday, U.S. helicopter gunships sank one Iranian vessel and disabled two others after the vessels reportedly opened fire on an observation helicopter.

After examining the Iranian vessels, the Pentagon said that they contained equipment that included "batteries and packing material" but that no missiles were found.

The Stinger, the U.S. Army's most potent portable anti-aircraft missile, was introduced to U.S. forces in 1981. There have been persistent reports, never confirmed by the U.S. government, that some Stingers destined for the guerrillas

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49 Killed In Crash of Burma Jet

The Associated Press

RANGOON — A Burma Airways jet exploded and crashed Sunday near Pagan in central Burma, killing all 49 aboard, including 36 foreign tourists, the government said.

Sources who refused to be named said that the foreign victims included 14 Americans, seven Swiss nationals, five Britons, four Australians, three West Germans, two French citizens and a Thai.

The crash came a day after diplomatic sources reported that the U.S. Embassy following reports that an anti-American terrorist group had entered Burma.

The sources also said that U.S. diplomats had been advised to stay indoors at night. The U.S.-sponsored International School, for children of foreign diplomats, was closed Friday. No reopening date has been set.

Reporting the jet crash, the official News Agency of Burma said that other victims included nine Burmese passengers and four crew members. The crash site was about 20 miles (about 30 kilometers) southeast of Pagan, a city famed for its ancient temples. Pagan is about 300 miles north of Rangoon, the capital.

The Fokker Friendship 27 jet reportedly was on a two-hour, regularly scheduled flight to Pagan from Rangoon.

It was the second fatal Burma Airways crash in less than four months.

On June 21, all 45 Burmese on board were killed when a similar aircraft crashed into a mountain in eastern Burma, minutes after take-off from the Shan state town of Heho, about 280 miles northeast of Rangoon. The cause of that crash was not announced.

Previous to that, the last major plane crash was in March 25, 1978, when 48 people, including 23 foreigners, were killed as a Burma Airways jet crashed five miles from Rangoon Airport.

UNESCO Election: U.S. Stands Aloof While Awaiting Reform

Laura Genaro is a deputy assistant secretary of state for international organizations at the U.S. State Department. Talking with Barry James, an IHT reporter, she explained U.S. policy toward the UN Educational, Scientific and Cultural Organization, where the director-general, Amadou Mahtar M'Bow of Senegal, is seeking a third term in office with the backing of the Organization for African Unity. Mr. M'Bow, whose policies have caused the United States, Britain and Singapore to pull out of UNESCO, won a plurality of 18 votes last week in each of the first two ballots by the organization's 50-member executive board. If no result is reached on the third and fourth ballots this week, a fifth and deciding vote will be taken between the two leading candidates.

Q. Why couldn't the United States get together with other Western countries to put up a convincing candidate to oppose

Mr. M'Bow, one who could attract support from all directions?

A. The United States is no longer a member state and we have to act in accordance with that position. Our problems were never personalized with Mr. M'Bow as the director-general, but rather with the structure, programs and budget of the organization. We have adopted a

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policy of encouraging our allies to engage in the reform of the organization and we consult with them regularly.

Q. On Friday, the foreign minister of Pakistan, Sahabzada Yaqub Khan, who had been second in the election, withdrew from the race. Many countries that would like to see the departure of Mr. M'Bow and major reforms in the way UNESCO is run are likely to throw their weight behind the Spanish candidate, Federico Mayor. Is the United States pleased by this development?

A. As a nonmember of UNESCO we

consider it inappropriate to support any candidate in the election campaign.

Q. In 1984, the United States had specific reasons for pulling out of UNESCO. It was said to be over-politicized, badly managed and its budget was going to all the wrong places. In your opinion, have there been any changes for the better at UNESCO headquarters?

A. I think there has been some movement towards reforms, which are primarily cosmetic. The things that have been adopted so far—such as actions as cutting back on the length of time of speeches, cutting back the length of sessions of the executive board, and requiring the director-general's report to the executive board to be submitted in writing before oral presentation—these are not really changes. In terms of the kind of reforms the United States is interested in, I'd have to say there has not been any fundamental change.

Q. Irrespective of whether or not Mr. M'Bow gets back in, what would it take

to make the United States rejoin UNESCO?

A. We would consider rejoining only when there is evidence of fundamental institutional, programmatic and structural change. And by that I mean establishing a mechanism to give major donors greater weight in the budget and decision-making processes; depoliticization of UNESCO's programs; and concentration on its original mandate to foster international exchange in science, education and culture.

Q. Even if the administration did decide to rejoin, would Congress go along?

A. The position of UNESCO is connected to the larger picture of the U.S. government budget as a whole. This is a time of very tight budget constraints in the U.S. government. We are engaged, for example, in an effort right now to obtain full funding for those UN organizations to which we do belong, and that is a very difficult process. So it's really impossible to say if there would be any money for UNESCO at some uncertain time in the future.

Q. Some people have the suspicion that the United States would like to see UNESCO collapse anyway, that it would like to see the organization go under and be able to say, "Ha, we told you so!" Is there any truth to this?

A. The United States would always prefer to see any UN organization with problems reform and put itself on the right track. We support the UN as an institution. The United States is still the single largest contributor to the technical and specialized agencies associated with the UN. We have an abiding interest in the health of the UN and its institutions.

Q. Is UNESCO worth saving?

A. We would always prefer to see any UN organization, particularly one with which we had such an intimate involvement in the beginning, put itself on the right track. UNESCO was created by the conference of allied education ministers after World War II, and the United States took a major lead in that.

End of Neutrality in Sri Lanka

Tamil Violence Prompting India to Turn Against Rebels

By Steven R. Weisman

NEW DELHI — The sharp violence in Sri Lanka this week has forced India to shift its position dramatically in the long ethnic conflict and side militarily with the Colombo government. After years of sympathizing with ethnic Tamil rebels, India appears ready to train its own guns on them.

In the view of experts in India, this development was the last thing Prime Minister Rajiv Gandhi wanted when he negotiated a peace accord for Sri Lanka last summer. It poses risks of tying up Indian

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forces in a guerrilla conflict, aggravating divisions at home and raising suspicions in other countries in the region.

Since the accord was signed July 29, New Delhi has tried to be neutral in the conflict between the Tamil guerrillas and the ethnic Sinhalese majority. India's abrupt transformation from good neighbor to neighborhood policeman came Wednesday, after Tamil violence erupted in the north and south, killing more than 150 ethnic Sinhalese in the north and east.

"India has got to crack down on the Tamils, or the Sri Lanka accord will unravel," a Western diplomat said. "If India doesn't act, there will be a terrible backlash, and Sri Lanka will order the Indians out. If that happens, it's all over."

A total of 15,000 Indian troops are in Sri Lanka as part of the agreement worked out after months of negotiations between Mr. Gandhi and President Junius R. Jayawardene of Sri Lanka.

Under terms of the agreement, Tamil rebels were to abandon their struggle to set up Tamil Eelam—an independent nation in northern and eastern Sri Lanka—and hand over their weapons to the Indian Army. In return, India guaranteed that Sri Lankan armed forces would withdraw from Tamil-dominated areas and grant the Tamils more political autonomy, including some control over the police.

Indian Troops Said to Kill 120 Tamil Rebels

The Associated Press

COLOMBO, Sri Lanka — Indian troops, using heavy artillery and mortars, killed as many as 120 Tamil rebels during a weekend offensive on the Jaffna Peninsula, Sri Lankan officials said Sunday.

Fifteen Indian soldiers were also killed in the fighting, according to Indian officials and news reports.

The Tamil rebels, seeking to establish an independent nation, have been blamed for the deaths of more than 200 people in the past week. Most victims were civilians from the Sinhalese community, the majority ethnic group that controls the government and the military.

About 15,000 Indian soldiers have been sent to Sri Lanka to try to disarm the rebels and enforce a peace plan signed in July by India and Sri Lanka.

The peace accord was hailed as a diplomatic solution to a conflict in which 6,000 people have died in the last four years. But the latest developments in Sri Lanka have started a debate here about the wisdom of India's intervention.

For now, it appears that the weight of public opinion is in favor of India's acting against the Tamil rebels, who are widely deemed to have betrayed their pledges to India that they would lay down their arms and accept the terms of the Sri Lanka accord.

In an editorial Thursday, The Hindustan Times called on the Indian Army to "disarm the militants" and, if necessary, send still more troops to Sri Lanka. The editorial said India had "no option but to put down its violence with a firm hand."

But others warned that India could get caught up in a situation beyond its control.

Mr. Gandhi is said by his aides to be directing his efforts at saving the Sri Lanka accord. The prime minister, his aides are known to believe, cannot afford to see it collapse, especially because he has been politically damaged by the failure of well-publicized accords with dissidents in India.

The most prominent of these domestic agreements was reached in 1985, when Mr. Gandhi negotiated a settlement with Sikhs in the northern state of Punjab. Like the Tamil separatists in Sri Lanka, the Sikh extremists were fighting for an independent nation. The Punjab accord failed to bring an end to the killing.

Analysts say the Sri Lanka accord this year contains the same basic weakness that led to the demise of the Punjab agreement: it was not signed with the parties in a position to end the violence.

The Sri Lanka accord was signed, not with the Tamil guerrillas, but with the Sri Lankan government, which had failed to crush their rebellion in four years of warfare. The Tamil guerrillas rejected the agreement from the outset but said they would respect its terms out of deference to India.

India had leverage over the Tamils because for many years the rebels have used southern India as a sanctuary, training base and arms supply center.

In recent years, however, India has worried about the precedent of a separatist movement succeeding in Sri Lanka, not least because New Delhi has had a tough time suppressing such movements at home. Mr. Gandhi has been constrained, however, because of the deep sympathy for the civil rights of Sri Lankan Tamils among the 50 million Tamils who live in southern India.

Many experts say they fear that Tamils in India would protest any killings of Sri Lankan Tamils by Indian forces, perhaps reviving a secessionist movement of their own, which was strong 20 years ago.



Foreign reporters and travelers in Lhasa time in to news of their expulsion on Tibetan TV.

China Broadens Charge, Links 50 Foreigners to Riot in Lhasa

Reuters

BEIJING — An official Chinese press agency report said that about 50 foreigners had been directly involved in a riot in the Tibetan capital of Lhasa on Oct. 1 in which at least six people died.

The allegation Sunday that the 50 foreigners took part in the disturbance, goes far beyond what China has said previously.

President Li Xianmin criticized the U.S. Congress on Sunday for recent remarks on China's handling of unrest in Tibet, United Press International reported from Beijing. Mr. Li referred to a recent appearance before a congressional subcommittee by the Dalai Lama, Tibet's exiled spiritual leader.

"The U.S. Congress can only look after U.S. affairs and has no right to interfere in other countries' internal affairs," Mr. Li said.

[His comments represented Beijing's highest-level criticism yet of what it describes as foreign meddling in the Tibet issue.]

Xinhua, the official agency, quoted a Lhasa police officer as saying that "at least 50 foreign tourists or foreign nationals in the capacity of tourists were spotted among the leading rioters attacking the Bajiao police substation."

The Xinhua report also quoted the policeman as saying the foreigners were "throwing stones at the policemen, taking photos or in-

citing the rioters for further violence."

Four Westerners, including two Americans and a Briton, have become involved in the lives and causes of some Buddhist monks and lay Tibetans.

Many observers believe that this support has prevented the Chinese from more severe crackdowns after the protests.

Foreigners staying in those hotels catering to backpackers have organized nightly meetings to discuss events and to share information about travel restrictions.

The type of information disseminated at these meetings ranges from accounts of harassment by Chinese police to reports of roadblocks en route to other cities in Tibet.

Two Americans who befriended monks from the Sera monastery north of Lhasa were invited to the monastery recently to photograph the bodies of two monks who they were told had died in rioting Oct. 1.

Monks told the Americans they wanted proof that the two had died of gunshot wounds.

Another American, Blake Kerr of Buffalo, New York, a recent medical school graduate who has been traveling in China for about two months, witnessed the Oct. 1 violence.

He said he has been giving "very basic first aid" to victims with gunshot wounds, burns and contusions.

anti-Chinese sentiment here. Most do not stay for long, but several have become involved in the lives and causes of some Buddhist monks and lay Tibetans.

Many observers believe that this support has prevented the Chinese from more severe crackdowns after the protests.

Foreigners staying in those hotels catering to backpackers have organized nightly meetings to discuss events and to share information about travel restrictions.

The type of information disseminated at these meetings ranges from accounts of harassment by Chinese police to reports of roadblocks en route to other cities in Tibet.

Two Americans who befriended monks from the Sera monastery north of Lhasa were invited to the monastery recently to photograph the bodies of two monks who they were told had died in rioting Oct. 1.

Monks told the Americans they wanted proof that the two had died of gunshot wounds.

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He said he has been giving "very basic first aid" to victims with gunshot wounds, burns and contusions.

WORLD BRIEFS

4,500 Salvadoran Refugees Returning

EL POY, El Salvador (Reuters) — About 4,500 Salvadoran refugees have begun returning from Honduras and should be across the border by Sunday, refugees said workers said.

The refugees had been asking to return since January. Their effort was boosted by the Central American peace accord signed in August. The accord calls for an end to regional wars and urges governments to help refugees go home.

The refugee accord was reached at a meeting Friday night between the Salvadoran government, military and the United Nations High Commissioner for Refugees. The refugees are returning to areas that are still sinner for Refugees. The refugees are returning to areas that are still suffering from the Salvadoran civil war, in which at least 63,000 people have died and in which about a million people have fled their homes.

Jackson Formally Enters '88 Race

RALEIGH, North Carolina (AP) — The Reverend Jesse L. Jackson has formally begun his second campaign for the presidency, declaring here in his native region that the new, liberated South can "lead America to its loftiest and highest ideals."

At a foot-stomping, revival-style nomination offered "bold his candidacy for the Democratic Party's nomination offered "bold his leadership and a new direction" for a nation led astray by the Reagan administration.

"There is something wrong with our government's priorities today; its values are wrong," he said. "It wears a military fig leaf to cover its impotency." As in 1984, Mr. Jackson is the last major Democratic candidate to formally enter the race. He joins five others in seeking the party's nomination.

Spy May Still Be in Sweden, Police Say

STOCKHOLM (AP) — A convicted Swedish spy, sought throughout Europe after slipping away from police here last week, may still be in Sweden, the police said Sunday. Calls mounted for the minister of justice to resign over the affair.

Stig Bergling, who was serving a life sentence for selling military secrets to the Soviet Union, escaped when he was left without surveillance during an overnight leave with his wife. The police said one of three cars apparently used in his escape was found Sunday in a Stockholm suburb, contradicting earlier theories that he and his wife had fled to the Soviet Union through Finland, where another car had been found.

The escape added to the problems of Sweden's police forces, who were widely criticized for failing to find the assassin of Prime Minister Olof Palme. Opposition newspapers repeated on Sunday calls for Justice Minister Sten Wickbom to resign, and two leading representatives of Mr. Wickbom's party, the governing Social Democrats, suggested in an open letter that he step down.

Karpov Draws White for First Game

SEVILLE, Spain (Reuters) — Anatoli Karpov, the challenger in the world chess championship match, scored an initial tactical advantage by drawing white at the opening ceremony against the titleholder, Garry Kasparov.

The draw Sunday night gave the 36-year-old former champion the advantage of playing the first move in the opening game Monday afternoon. The match is a 24-game series, with victory going to the first player to score 12.5 points.

In their three previous encounters, Mr. Kasparov, 24, has drawn white only once, in Moscow in 1985. He won the first game and went on to win the match, depositing Mr. Karpov from the throne he had occupied for a decade. Their first match was declared a draw in February 1985 after 48 games, and Mr. Kasparov won a return match with Mr. Karpov that began in the summer of 1986.

Italy Coalition Wins Education Vote

ROME (Reuters) — The five-party coalition government of Prime Minister Giovanni Goria has avoided a crisis by reaching a last-minute agreement on modifying religious education in schools. The modifications had been opposed by the Vatican.

The Christian Democrats, Socialists, Republicans, and Social Democrats agreed to vote with Mr. Goria on Saturday, but the Liberal Party abstained, parliamentary sources said. The government won the vote in the Chamber of Deputies 286-234 after a night of negotiations between Mr. Goria and coalition members who were angry at what they considered to be his bowing to the Vatican.

The Vatican objected officially last week to the proposed changes, which will allow schools to schedule religion classes at the beginning or end of each school day. The Vatican said the changes violate the 1984 revision of the Vatican Concordat, which regulates relations between the church and Italian state. The concordat for the first time gave parents the right to choose whether their children should attend religion classes and the supplementary accord laid down the specific conditions.

U.S. Budget Cuts Won't Hit Soldiers

WASHINGTON (NYT) — President Ronald Reagan has notified Congress that the Defense Department would exempt the pay and benefits of military personnel from the cuts that have to be made under the revised law to balance the budget.

Designating that exemption means that the Pentagon must absorb up to \$11.5 billion in budget cuts elsewhere, primarily in operations and readiness and, to some extent, in the development and procurement of weapons and equipment.

The decision, based on a recommendation by Defense Secretary Caspar W. Weinberger, seemed certain to be greeted with approval by senior military officers, who have consistently maintained that taking care of the troops must come first. But privately, some officers have lamented the prospect of the alternative cuts, saying many gains in the pace of operations, in making the forces ready for combat and in the acquisition of modern weapons will be severely reduced.

For the Record

Police in Wackersdorf, Bavaria, used tear gas and truncheons Saturday to disperse about 20,000 West German demonstrators protesting a nuclear waste recycling plant under construction there, officials said. At least 10 protesters were injured. (AP)

King Hussein of Jordan and President Hosni Mubarak of Egypt met in Cairo on Sunday. The two leaders have met regularly since Jordan resumed relations with Egypt in 1984 after a five-year break. (Reuters)

TRAVEL UPDATE

Eight unions have called for a strike at Air France on Thursday, the day of a civil service walkout, to press for maintaining the purchase power of all present and retired employees, and for maintaining what the unions call the company's "public service mission." (AFP)

A British Airways Concorde jetliner carrying almost 100 people ran dangerously short of fuel while circling over London in an air traffic stack-up Wednesday, but landed safely after it was given emergency priority, the weekly newspaper The Observer reported Sunday. (UPI)

This Week's Holidays

Banking hours and government services will be closed or curtailed in the following places this week because of national and religious holidays:

MONDAY: Argentina, Bahamas, Belize, Brazil, Canada, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Fiji, Guam, Guatemala, Honduras, Mexico, Panama, Paraguay, Puerto Rico, Spain, the United States, Uruguay, Venezuela.

TUESDAY: Iran.

WEDNESDAY: North Yemen, Zaire.

THURSDAY: Israel, Tunisia.

SATURDAY: Haiti, Malawi.

Source: Morgan Guaranty Trust Co., Reuters

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Cardhu. 12 year old Highland Single Malt Whisky from the House of Johnnie Walker.

U.S. Reluctance to Pay Its Full Share Could Cripple UN Force in Lebanon

By Paul Lewis

NEW YORK — The United Nations peacekeeping force in southern Lebanon faces what could be a crippling financial crisis as a result of moves in the U.S. Congress that threaten to cut off all American money for the operation, according to UN officials and diplomats.

The nine countries contributing soldiers to the force—France, Finland, Fiji, Ghana, Ireland, Italy, Nepal, Norway and Sweden—have protested to the White House over the U.S. failure to pay its full share of the cost of the force this year and the possibility that it will fail to contribute at all next year, the officials say.

The force of 5,700, known as the United Nations Truce Force in Lebanon, or Unifil, is the largest UN peacekeeping operation. It was deployed in 1978 at the insistence of the United States after the Israeli invasion of southern Lebanon that March.

For the coming year, the U.S. Senate has refused to approve any

money toward the United States' \$49 million share of Unifil's \$140 million annual cost. The U.S. House has voted to appropriate \$18 million, an amount that is in line with what President Ronald Reagan had requested and at the level of what the United States paid last year.

Explaining its action on the force, the Senate said in a budget report that it "continues to believe Unifil is an ineffective and symbolic force."

If the United States refuses to pay anything toward Unifil's cost this year, diplomats and officials say, the United Nations will have to ask countries contributing soldiers to pay even more of the costs. Some of them may refuse and pull their troops out.

Israelis Hit Bekaa

Israeli Air Force planes have at-

tacked Palestinian guerrilla bases in the Bekaa region of eastern Lebanon, close to the border with Syria, The New York Times reported from Beirut.

An Israeli Army spokesman said direct hits were scored Saturday at what he called terrorist targets, but the Palestine Liberation Organization said the jets missed the largest guerrilla camp in the area.

War Victims to Protest

People crippled or blinded in Lebanon's civil war will hold a four-day march across the country starting Monday to protest 12 years of strife that has maimed some 50,000 people. Reuters reported from Beirut.

A spokesman for the Lebanese handicapped movement said, "This is a demonstration for peace and human rights in Lebanon."

DOONESBURY

BY LAST WEEK, NO ONE IN THE EXTENDED BUSH CLAN WAS ON SPEAKING TERMS.



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GM and GE Seek Right To Launch Satellites From Soviet Rockets

By William J. Broad
New York Times Service

NEW YORK — Two major U.S. companies are battling the government for the right to launch communications satellites on Soviet rockets.

The companies, General Motors and General Electric, have formally asked the government to drop its ban on the launching of U.S.-made satellites by Soviet rockets. Both companies have subsidiaries that make and market space satellites.

In response to the companies' increasingly vigorous campaigns, involving both public and private lobbying, the Reagan administration has stiffened its opposition to the private hiring of Soviet space services.

The clash comes at a time when the U.S. space program is without rockets to send commercial satellites into space and the Soviet Union has stepped up efforts to make commercial use of its own space program, which until recently was shrouded in secrecy.

Soviet Rejects U.S. Account Of Arms Deal

By Michael R. Gordon
New York Times Service

WASHINGTON — Soviet officials have publicly disputed the American account of a compromise worked out last month on West Germany's Pershing-1A missiles.

The Soviet statements, which were made Friday at a news conference at the Soviet Embassy in Washington, came a day after American officials said Soviet negotiators were backing away from the compromise reached by Secretary of State George P. Shultz and the Soviet foreign minister, Eduard A. Shevardnadze.

The issue of the West German missiles, the warheads of which are controlled by the United States, was considered the last major hurdle to a Soviet-American accord banning medium- and shorter-range nuclear missiles.

Sergei D. Chuvakhin, a Soviet Embassy counselor, said that the question of a timetable for dismantling the 72 shorter-range West German missiles was not dealt with in the talks last month and that it now needed to be settled in treaty negotiations in Geneva.

"All types of shorter-range missiles, including German Pershing-1A missiles, should be included in the agreement," Mr. Chuvakhin said. "We think it is a reasonable position."

This statement was consistent with a recent Soviet proposal in Geneva that Moscow be allowed to maintain some of its shorter-range missiles until the West German missiles are dismantled.

But American officials again said that the two sides resolved the entire issue of the West German missiles by working out a compromise formula last month and that the issue should not be reopened.

Under the compromise formula, the United States provided the Russians with an assurance outside the formal treaty that the American warheads for the West German missiles would be dismantled once Bonn carried out its pledge to eliminate its missiles.

The United States does not want the treaty to cover the West German missiles because it does not want to set a precedent for including the nuclear weapons of allies in future negotiations.

An administration expert said the compromise was reflected in the records of the negotiating sessions last month.

He said the working group of American and Soviet arms control experts prepared a list of agreed points and remaining questions. The question of what should be done with the West German missiles was not among the list of unresolved questions, the administration expert said.

U.S. companies say they are seeking the lowest prices and best services and are worried that foreign rivals may take advantage of the Soviet offers.

"We could be at a grave disadvantage," said John E. Koehler, president of Hughes Communications, a GM subsidiary that markets communications satellites.

James M. Beggs, former administrator of the National Aeronautics and Space Administration, said government policy should be reversed.

"Satellite producers, if they are comfortable with the risk of doing business with the Russians, should be allowed to get launchers wherever they want," he said. "The Soviets are offering a service that other people already offer. There's lots of international competition."

Government officials insist that commercial factors should take a back seat to issues of foreign policy and national security.

"It's not in the U.S. national interest to issue export licenses for satellites," said Robert E. Mantel, an official in the State Department's bureau of political-military affairs, who argued that Western technological secrets might fall into Soviet hands.

Representative Bill Nelson, Democrat of Florida, who heads the House Space Science and Applications Subcommittee, and whose district includes the Kennedy Space Center, said the deeper issue was whether freedom to use Russian rockets would doom the fledgling commercial rocket industry in the United States.

"I'm astounded that people think of Russian rockets as an alternative," he said. "That would blast any chance of a commercial launch industry succeeding here. The solution is to get American vehicles to be competitive in price, if necessary with subsidies from the American government."

Mr. Nelson's subcommittee recently held hearings on the health of the rocket and satellite industries.

The dispute is fueled by the continuing repercussions of last year's space shuttle Challenger explosion. President Ronald Reagan ordered an end to the launching of commercial satellites by the shuttles. Two other types of U.S. rockets also exploded upon takeoff last year, grounding another part of the rocket fleet used to send satellites aloft.

Experts say it could be several years before the United States forms a private rocket industry that can catch up with the demand for commercial launchings. While a few U.S. companies are developing private launching services, and some, including Martin Marietta and McDonnell Douglas, are even signing up customers, none has built any rockets. It will be 1989 at the earliest before they can begin to fulfill the contracts, experts said.

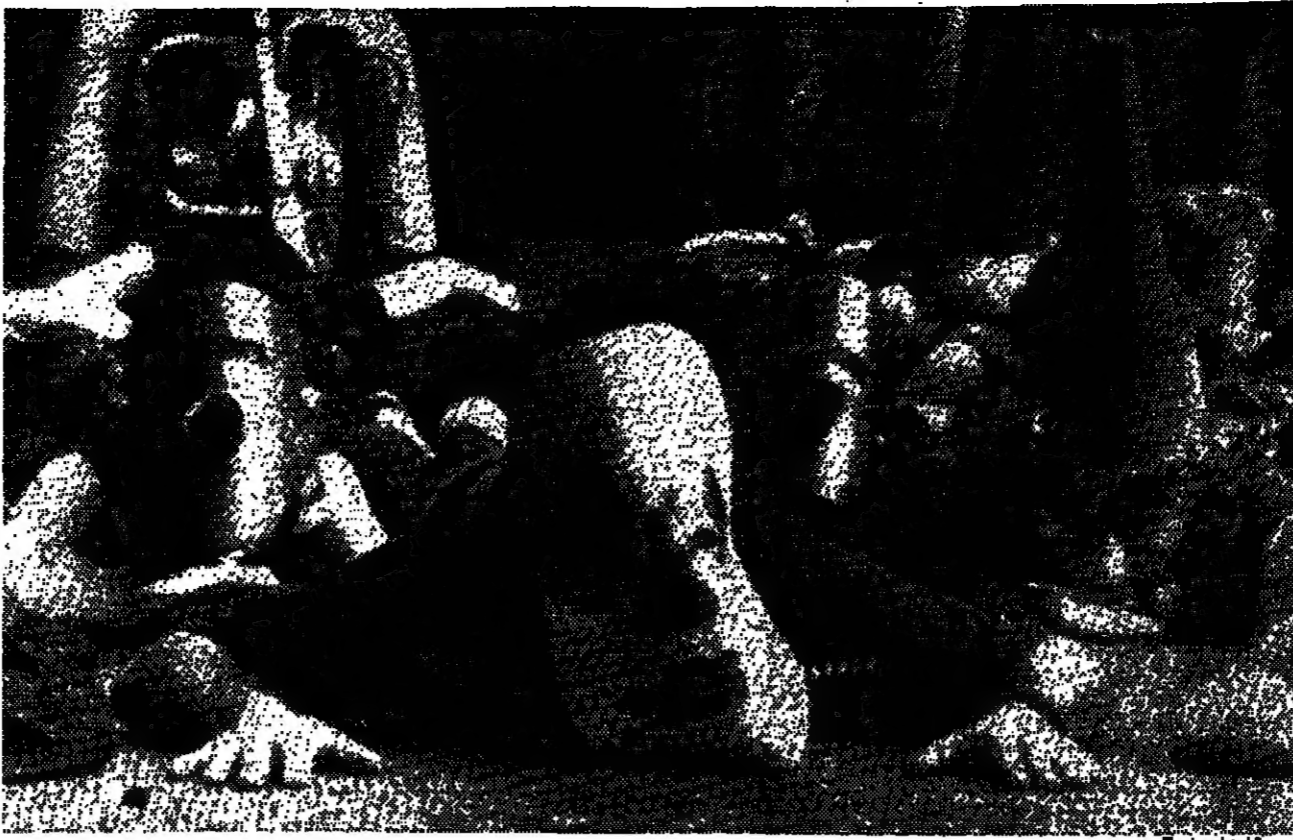
General Electric, whose American division sells communications satellites, recently told Mr. Nelson's subcommittee that the government ban should be reconsidered because access to Soviet rockets would help the industry survive the problems of U.S. rocketry and lower costs.

The U.S. should seriously investigate whether commercial satellite operators should be allowed to use the services of the Proton, Eugene F. Murphy, GE's senior vice president for communications and services, told the subcommittee. Proton is the main Soviet rocket.

Mr. Murphy dismissed fears that high technology would fall into Soviet hands, saying, "We believe these concerns can be overcome and that U.S. satellites can be safely factory fitted and launched without giving away hard-won technological know-how."

The world's largest maker of communications satellites, Hughes Aircraft Co., which is owned by GM, the world's largest corporation, echoed those sentiments.

"To be competitive, we must consider procuring launch vehicles overseas," Steven D. Dorfman, Hughes' vice president of space and communications, told the hearing.



Brazilian anti-nuclear protesters demonstrating in Goiânia, where radioactive powder has contaminated 24 people.

Major Radiation Accident Shocks Brazil

By Marlene Simons
New York Times Service

RIO DE JANEIRO — Experts from the United States, the Soviet Union and elsewhere have rushed to Brazil to assist after a radiation accident involving a cesium-137 source that escaped from a scrap metal yard in the city.

The material escaped when workers in a scrap metal yard smashed open a lead capsule containing cesium that was part of a hospital irradiation machine. The machine had been left behind when the Goiânia Institute for Radiology moved. Several young men found and hauled it to a scrap metal dealer, Deivar Alves Ferreira, 33, who bought it.

The accident was reported to authorities after the family of Mr. Ferreira and his relatives and neighbors showed serious burns and became violently ill. Scientists said the federal government was

slow in recognizing the magnitude of the emergency.

But, as the panic rises, President José Sarney has ordered an investigation to punish all those responsible, including the doctors who abandoned the irradiation machine. Scientists have also faulted the National Commission for Nuclear Energy.

Two American doctors with expertise in radiation emergencies and a Soviet doctor who treated Chernobyl patients are among the foreign advisers in Goiânia.

Technicians using geiger counters and other instruments are still seeking to track and clean up the contamination. The radioactive material is in a troublesome form, a powder, which apparently has blown through an entire neighborhood.

The contamination began when Mr. Ferreira's workers found the shiny bluish cesium dust which, they later told doctors, glowed in the dark. It attracted the Ferreira children, who handled it and spread it around the neighborhood.

Authorities have blocked off an area of 2,000 square yards where they said adults and children, houses, yards, trees and domestic animals have been exposed to varying doses of radiation.

Government nuclear experts said they had found seven highly contaminated areas.

The high-level radioactive waste from 25 homes and from several hospitals where victims of the accident have been treated will be buried at a designated site in the Amazon basin, the experts said.

The White House and supporters of Judge Bork in the Senate are working on ways to gain political points from the showdown in the full Senate, even though they consider confirmation a lost cause.

"We're not going to win the Bork nomination," said Senator Bob Dole of Kansas, the body's Republican leader. "We're going to convince a lot of Americans, though, that the process was not fair."

"They did a political job on Judge Bork," Mr. Dole added in the same television interview.

Justice Department and White House officials met Saturday to discuss strategy in the Bork fight, a Reagan administration official, speaking on the condition of ano-

Senator Warns Reagan On Future Court Choice

Cranston Says Nominee After Bork Won't 'Sail Through' Confirmation

The Associated Press

WASHINGTON — A prominent Senate Democrat warned Sunday that the White House should not assume that the apparent defeat of Judge Robert H. Bork as a nominee for the Supreme Court will mean the next nominee can expect swift approval.

"I don't think anybody should share the illusion," said Senator Alan Cranston of California, "that the next nominee will sail through like a greased pig no matter what that nominee may be like."

"We'll take a hard look at the nominee," Mr. Cranston, the assistant majority leader in the Senate, said in a television interview.

Judge Bork surprised members of Congress and, apparently, the White House when he said Friday that he would continue his fight for the nomination, even though a majority of senators are publicly opposed to his confirmation.

White House strategists have indicated that they are hoping for quick confirmation of a new conservative nominee after the Senate votes on Judge Bork later this month.

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nymity, said Sunday. The official said the meeting was one of several officials have held to help "frame the debate," even though there is little hope of victory.

"The chances of winning are the longest of shots," the official said. "It's important to have the debate to form arguments about the future of the nomination process and not just to focus on the next candidate."

■ Role of Bork Philosophy
Al Kamen of *The Washington Post* reported earlier:

Judge Bork's decision to continue his struggle for confirmation is consistent with his life's credo to "wreak yourself upon the world," an approach, he says, that pushed him to be a force in public debate and never to cover before public disapproval.

The decision may have surprised official Washington, including the White House. But it was in keeping with the philosophy that led Mr. Bork from his early days as an academic to challenge widely held principles of law and to become one of the most controversial figures in his field.

"He did the right thing for Robert Bork," said a Washington lawyer, A. Raymond Randolph, a close friend and adviser who was with the judge as he grappled with his options this week. His wife, Mary Ellen, was a consistent advocate for staying the course, sources said.

"There was a consensus among everyone that it was a personal decision for him to make," Mr. Randolph said. "He listened to arguments on both sides. The way he has acted throughout this is the way one would have expected a judge to act. He listened and considered and came to his decision."

During a week of meetings and telephone conversations with friends and advisers, Judge Bork was told that "enough was enough," that if he did not withdraw from the nomination he would be delaying the next nominee for the Supreme Court vacancy and that there was no reason to continue what was widely seen as a futile battle.

He also was told that the sympathy many senators felt for him would evaporate if he plunged the Senate into a bitter confirmation debate.

But Judge Bork, visibly upset by the campaign waged against him, did not want to give up.

"I think he is doing this because he knows that if he withdraws now, the distorted process against him will have been successful," an adviser said. "He may not know what is coming but he knows he's doing the right thing and important thing."

Poland Will Vote on a 'Radical' Plan for Economy

By Jackson Diehl
Washington Post Service

WARSAW — Poles will vote in a national referendum in November on whether the government should put into effect a "radical version" of consumer price increases that would triple inflation, government officials said Saturday.

Prime Minister Zbigniew Messner gave parliament a detailed plan to reorganize the Polish economy, including steps to expand private enterprises, make state-owned enterprises autonomous from most central controls and raise Polish wages and prices to world market levels.

An initial package of legislation submitted to parliament Saturday calls for the consolidation or abolition of 16 government ministries and the dismissal of 3,000 to 3,500 of the 12,000 government workers responsible for central management of the economy. About 100 of 194 government officials at the level of vice minister or above also would lose their jobs.

Mr. Messner told parliament that the new policies, the most ambitious undertaken by the government of General Wojciech Jaruzelski since it suppressed the Solidarity labor union in 1981, had been inspired in part by the initiatives of the Soviet leader, Mikhail S. Gorbachev.

But government officials and economic experts said Warsaw's measures were far more radical than those adopted by the Soviet leadership earlier this year.

At the same time, officials said they were deeply concerned about public reaction to the package and especially to efforts to raise prices.

Although asserting that Poles would not suffer a fall in living standards, officials said Saturday that the public would have to accept hardships and sacrifices as huge state subsidies for goods were drastically cut back and controls on prices removed.

In a press conference, the leading architect of the package, Deputy Prime Minister Zdzislaw Sadowski, said that in a national referendum planned for Nov. 29, Poles would be able to vote on whether to carry out the radical restructuring advocated by the government. If approved, he said, the plan could lead to an inflation rate of up to 37 percent next year, compared with a rate now reported by the authorities to be 18 percent.

The parliament, called the Sejm, voted to authorize the referendum Saturday. But approval of the specific content of the resolution to be put to voters was postponed.

Mr. Sadowski said the salaries of most Polish workers would also be drastically increased, compensating for most of the price rises. He said, however, that public reaction to the shift could be strong and might force abandonment of the plan.

In addition to the cutback of the bureaucracy, measures planned before the end of this year include removing central controls on businesses organized as cooperatives, allowing citizens to buy bonds from state companies and improving incentives for foreign capital to invest in joint ventures with Polish companies.

Mr. Messner also said Poland hoped its new program would persuade the International Monetary Fund to grant the country a structural adjustment program in the coming months, including major IMF and World Bank credits. Poland needs the money to manage the payment of its huge foreign debt, officials said.

According to the timetable, changes next year would remove some of the controls on starting and maintaining private businesses, create a commercial banking system, abolish the state monopoly on agricultural procurement and wholesale trade and introduce personal income taxes.

Officials said government officials dismissed under the program might be given pensions or offered opportunities to start their own private businesses.

police estimated that 5,000 people gathered for the brief ceremony. It was conducted by the Reverend Deana Bachelor, a metaphysical minister and hypnotist who stood on a platform beneath an arch of balloons.

More Hospitals Buy Doctors' Practices

More and more U.S. hospitals are buying up doctors' practices. The doctors then send all their patients to those hospitals. The American Hospital Association says 20 percent of hospitals have bought at least one practice and that, increased, their revenues from \$2.2 million a year for practices of Northeastern heart surgeons to \$76,000 a year for Midwestern ophthalmologists.

Dr. Sidney M. Wolfe, director of Public Citizen Health Research Group, a consumer organization in Washington, says in an article for *The Washington Post* that hospitals have at least 200,000 too many beds and "each empty bed means about \$240,000 in lost revenue a year."

The price paid to the doctor can vary from \$25,000 to \$4 million. In some cases the doctor continues to collect fees from patients. In others the doctor and his or her office staff become salaried hospital employees.

The American Medical Association's new president, Dr. William S. Hochstetler, approves of the trend: "This hospital ownership won't decrease our desire to provide quality care."

But Arnold Reiman, editor of the *New England Journal of Medicine*, says the trend "is basically in conflict" with the doctor's "obligation to act as the patient's agent and trustee."

Dr. Wolfe writes that "doctors may tend to hospitalize patients more readily" and that brokerage fees and sale prices "are likely to add new costs to our already overpriced health care system."

Short Takes

Alaska puts at least 25 percent of its oil earnings into the state Permanent Fund against the day when the oil runs out. Half the fund's earnings each year become dividends paid to state citizens. The fund now totals nearly \$9 billion, and this year's cash giveaway amounted to \$708.19 for every resident.

Remember Bretton Sciaroni, the lawyer who wrote the legal opinion asserting that the law limiting aid to the Nicaraguan rebels did not apply to the National Security Council? The *New York Times* reports that the Senate Foreign Relations Committee has identified the lawyer who wrote that was the basis for the Reagan administration's much-disputed interpretation of the

1972 anti-ballistic missile treaty. He is not Abraham Sofaer, the State Department counsel whose name had been connected with it earlier, but the selfsame Mr. Sciaroni. Mr. Sciaroni has acknowledged failing his bar examination four times.

Shorter Takes: Lee Marvin, the tough-guy actor who died of a heart attack Aug. 29 at the age of 63, has been buried with full military honors at Arlington National Cemetery. As a marine in World War II, he made 21 Pacific island landings and was wounded on Saipan. • Holders of doctors' degrees average \$3,265 a month in salary; of masters' degrees, \$2,288, according to the U.S. Census Bureau. College graduates make \$1,841, nongraduates \$1,169, high school graduates \$693. • After 196 years *The Old Farmer's Almanac* is predicting not only the weather but consumer trends. The 1988 edition is big on grilles, thread bikinis, fast cars, Victorian wallpaper and exotic pets, cool on skin and wine coolers.

Notes About People

Marlo Thomas, 43, actress and feminist, told a women's forum in

Mobile, Alabama, that her husband of seven years, Phil Donahue, 51, a daytime television talk-show host, is "the greatest husband of the Western World" and he's nothing to brag about.

Bill Cosby, the television comedian, likes to hand out cigars, but "you have to promise that you're going to smoke it and not save it. I don't give people cigars so they can put it on the mantelpiece and say, 'Bill Cosby gave me this.'"

Johnny Carson, rounding out 25 years as host of television's "Tonight Show," says he usually keeps the people involved in celebrity divorce scandals off his program because of the high potential for sleaziness. "We do have some standards. They may be low — but we have them."

Elizabeth Taylor says the most beautiful younger actresses are Sissy Spacek, Meryl Streep, Kathleen Turner and Debra Winger. "All have a special radiance," the actress said. "And thank God, the big studios aren't around to tell them to become blonde or to fix their noses the way the studios used to." Miss Taylor also listed two of her favorites as beautiful women: Bette Davis and Katharine Hepburn.

—ARTHUR HIGGINS

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Reagan Bars Invoking War Powers Act in Gulf, Calls It Unconstitutional

By David Hoffman
Washington Post Service

WASHINGTON — President Ronald Reagan has declared that the 1973 War Powers Act is "illegal" and "unconstitutional" and that he does not intend to invoke its notification procedures despite military conflicts with Iran in the Gulf.

In some of his strongest remarks yet rejecting a voice for Congress in the U.S. tanker escort operation, Mr. Reagan said in an interview Saturday with the Cable News Network: "There are some things that have to be vested in the commander in chief. One example, and I think we did it right, was Grenada. The idea of a legislative body having to get together and fight over and vote on something at the same time that our national security is endangered, I just don't think it could be done."

The War Powers Act requires the president to report to Congress when U.S. forces are introduced "into hostilities or into situations where imminent involvement in hostilities is clearly indicated."

Once the report is made, the president has 60 days to withdraw the troops unless Congress authorizes them to stay.

Congress has been divided all year over applying the law to the Gulf situation, and Senate leaders last week proposed a sharply scaled-back compromise version.

The proposed compromise would require the president to report to Congress on the Gulf operation within 60 days from enactment and spells out procedures under which Congress could vote 30 days later on continuation, termination or modification of the operation.

Mr. Reagan stopped short Saturday of the formal war powers notification procedure that many on Capitol Hill have demanded when he sent letters to congressional leaders saying that the United States took "limited defensive action" in last week's attack on three Iranian boats and that "we regard this incident as closed."

A White House spokesman, Martin Fitzwater, said Friday that the administration was not invoking the notification procedure in the current act because recent confrontations in the Gulf had been "isolated" incidents that did not portend imminent hostilities.

Mr. Reagan took a much broader view in the interview, suggesting that there were no circumstances in which he would invoke the current law.

"We think that what the War Powers Act — first of all, we think it's illegal," he said. "We think that one part of it is unconstitutional, referring to the clause giving Congress a vote over the deployment of U.S. forces."

On the subject of arms control, Mr. Reagan said he believed that the Soviet Union had relaxed its earlier demands that any agreement on limiting strategic nuclear weapons be linked to restrictions on its Strategic Defense Initiative, known popularly as "star wars."

Despite criticism from some allies and others who believe that some nuclear weapons should be retained, Mr. Reagan said it was still his view that if strategic weapons could be cut in half, "I would like to think that we would be on our way to the total elimination of nuclear weapons."

GULF: Amid Fleet, Arabs Fear Iran

(Continued from Page 1)

keeping the Gulf an open waterway by adding a promise to defend Arab states against Iranian aggression.

One official described as a "vicious circle" the constant U.S. pressure for Arab states to provide more facilities in the region to support the U.S. military, against an equally constant Arab pressure for a greater U.S. commitment to Arab security.

Without a more explicit U.S. policy, some leaders of Arab states along the Gulf will remain reluctant to openly assist the U.S. and Western military presence or to endorse U.S. actions, such as the attack on the Iran Ajr and last week's helicopter assault on four Iranian gunboats, these officials said.

Arab officials still are deeply suspicious that the Iran-contra affair in the United States exposed Western nations' obsession with Iran and an Israeli-inspired disregard for Arab security. They have found fresh reasons for skepticism about the West, including the following:

• U.S. energy firms have continued to purchase large quantities of Iranian oil, thus indirectly sustaining Iran's war effort. Congress has passed a ban on Iranian imports, but the administration position is unclear. The Reagan administration's commitment to pushing an arms sale package for Saudi Arabia through Congress has yet to clear the Senate, although the president's recent decision to scale back the sale has gained initial favorable comments in Congress.

• Britain, until last month, was allowing Iran to operate a commercial arms purchasing office in London. West Germany has permitted a similar facility to operate in Frankfurt.

Unity Is Priority In U.S. AIDS Fight

Washington Post Service

HOT SPRINGS, Virginia — The new chairman of the presidential commission on AIDS says he hopes to move quickly to end dissension among commission members, fill vacancies on the panel and prepare a preliminary report by a Dec. 7 deadline.

James D. Watkins, a retired admiral and member of the commission, was named chairman Wednesday by President Ronald Reagan after the previous chairman, Dr. W. Eugene Mayberry, chief executive of the Mayo Clinic, and the vice chairman, Woodrow A. Myers Jr., resigned.

They said they resigned because of frustration with infighting and ideological differences on the 13-member panel.

• British officials also belatedly acknowledged that Iran procured British-made industrial technology that has helped Iran become self-sufficient in the production of ammunition and artillery shells, which rain daily on Iraqi border cities.

The continuing reluctance of Arab leaders to openly embrace the U.S. presence in the Gulf is posing logistical problems for the U.S. military, which has only a limited number of onshore facilities to support more than 24,000 sailors, marines and aviators aboard U.S. warships in the region.

This has hampered the United States, especially in providing air cover for U.S. ships patrolling the northern part of the waterway near Kuwait, according to Western officials in the region.

U.S. commanders recently have resorted to such innovations as leasing offshore barges to store supplies and to base small anti-mine and anti-guerrilla speedboats north of Qatar in the central Gulf.

Arab reaction to the Western naval deployments is significant because it may be helping to focus U.S. officials on the contradictions of a U.S. policy that was hastily drawn last spring in response to Kuwait's request to U.S. and Soviet officials for protection for its oil tankers.

These contradictions were illustrated in remarks last week by Rear Admiral Harold J. Bensen, commander of the 11-ship Middle East Force, which is responsible for U.S. escort convoys and mine-hunting in the Gulf.

Speaking to reporters, Admiral Bensen said, "Our presence in the Gulf is designed to do a number of things. One of those things is to encourage the containment of the war."

This statement and similar ones have been widely noted by Arab leaders looking for some assurance that the United States will define containment as preventing an Iranian victory or subversion of its Arab neighbors.

According to a senior adviser to one of the rulers in the region, U.S. officials have stated in private that "the Iranians should not be allowed to win the war."

These officials acknowledge that the dilemma for the Reagan administration in making such a commitment is that it must commit itself to preventing the fall of Iraq.

The likelihood that Congress and the American public will go along with the massive financial and military backing required to rescue Iraq in the event of a major Iranian breakthrough in the land war appears extremely remote. Yet, this is the commitment that Arab leaders are beginning to regard as essential to their long-term security, according to one senior Arab adviser.



A flotilla of motor boats, using sonar technology, failed to find the Loch Ness monster.

Nessie Again Eludes Monster Sleuths

Reuters

DRUMMADROCHIT, Scotland — The Loch Ness monster could be alive and well in Scotland's deepest lake, but a million-dollar expedition has failed to prove it.

Using sonar technology, a fleet of 20 vessels detected something bigger than a fish Friday in the murky waters.

But "Nessie," as the elusive monster is known, did not rear its head for the expedition.

"We have done the last of the major sweeps of Loch Ness," the leader of the expedition, Adrian Shine, said Sunday after two days of scanning the lake. "That does not mean we have made any significant contact in water."

Describing the most thorough hunt ever for Nessie, Mr. Shine recalled the strong sonar contact made Friday. Although it could not be identified, the researchers said it seemed far too large for a fish.

"We did not recontact that strong signal," Mr. Shine said Saturday night. "This should be an encouragement." He implied that whatever it had moved from the spot where it was detected.

"We still think there are some strong sonar

contacts in Loch Ness, but I don't think it amounts to your monster," he said.

Loch Ness and Drummadrochit, a small town on the loch, have been invaded by journalists, including 21 foreign television crews, who came to watch the scanning of the 23-mile-long (37-kilometer-long) lake in northern Scotland. It is up to 750 feet (230 meters) deep.

The legend dates to the sixth century, when a Christian missionary, Saint Columba, reported seeing "a certain water monster," but the hunt started in 1933.

After an estimated 4,000 sightings, the Loch Ness Monster Exhibition Center has pieced together an image of Nessie resembling a large, prehistoric reptile with a long serpent-like neck, flippers, humps and a tail.

Although the monster has escaped numerous expeditions to find her, she is protected by law in case one succeeds.

"There is a local law to protect Nessie," said Ronnie Bremner, founder of the exhibition center. "Nobody will harm, interfere or remove her from the loch."

STINGER: Iranian Says U.S. Forces May Be Targets

(Continued from Page 1)

in Afghanistan went astray during shipment through Pakistan.

The Iranian press agency, monitored in Nicosia, Cyprus, reported that Prime Minister Mir Hussein Mousavi said Tehran had begun "serious studies" aimed at manufacturing copies of the Stingers.

The press agency quoted Mr. Mousavi as saying, "Serious studies are under way to manufacture Stinger missiles thanks to the creativity of our combatants."

■ 11th Escort for U.S. Navy

The Washington Post reported from Dubai:

After a night of violence in which Iran fired its third missile into Baghdad in a week and Iraqi warplanes blew apart an Iranian oil tanker killing at least two crewmen, the U.S. Navy escorted its 11th and largest tanker convoy into the Gulf on Sunday.

The refueled Kuwaiti tankers Ocean City, Sea Isle City Gas King and Gas Princess were sighted off Dubai in the lower Gulf after passing through the Strait of Hormuz during the night.

They were accompanied by the missile frigates Klakring, Hawes and Ford as well as the amphibious dock landing ship Mount Vernon, which is believed to be carrying supplies for two offshore bases that U.S. naval forces are setting up on large ocean-going barges in the upper Gulf.

Also on Sunday, the U.S. energy secretary, John S. Herrington, said at a news conference in Abu Dhabi that the United States "is very satisfied with the support we are getting from the Gulf countries."

"We are getting ship repairs done," he said. "We are getting refueled and resupplied. We are getting what we need."

Iran's missile attack on Baghdad shook the Iraqi capital shortly after midnight. The Iranian press agency said the missile hit Baghdad's major military camp, Al Rashid, on the southern edge of the city.

Iran said the missile struck residential areas, killing and wounding many civilians.

Iran said the missile attack was in retaliation for Iraq's use of chemical weapons last week against Iranian troops in the Sumar basin, an area that comprises the central Iran-Iraq front about 80 miles (130 kilometers) northeast of Baghdad. Iran said the gas attack killed 100 soldiers and poisoned dozens of others.

Overnight Saturday, Iraqi warplanes fired two Exocet missiles into the 239,435-ton Liberian-registered supertanker Rova as it steamed empty on a return shuttle run near Iran's Kharg Island terminal in the northern Gulf.

ATOM: Japanese Physicists Gain SOVIET: Travel as Ordeal

(Continued from Page 1)

themselves in the forefront of physics.

Although they have received only limited recognition in the West, Japanese physicists were once among the most prominent in the world.

Japanese scientists note that in 1902 Hantaro Nagasaki proposed that the atom consists of a heavy nucleus surrounded by orbiting electrons.

This was a decade before Ernest Rutherford and Niels Bohr made a similar proposal and were able to explain, in terms of quantum mechanics, why the electrons did not fall into the nucleus.

Hideki Yukawa won a Nobel Prize for his work in the 1930s predicting a new class of subatomic particles, the mesons. Shin-ichiro Tomonaga was similarly honored for his role during the 1940s in devising the theory of quantum electrodynamics.

But after World War II the Allies dumped Japan's atom-smashing

accelerators into Tokyo and Osaka days later they be used for nuclear weapons research.

Mr. Ozaki, formerly a group leader at Brookhaven National Laboratory on Long Island, New York, said in an interview that there were "naïve reasons" to suspect that the top quark might have a mass about three times that of the bottom quark, whose mass — expressed in terms of its energy equivalent — is nine GeV.

"With the Tristram," he said, "we are looking at the mass range of 25 to 33 GeV."

About 400 collisions have been analyzed, and none so far have shown clear evidence of the top quark.

Tests with the proton-antiproton machine at CERN, the European research center near Geneva, have also failed to find it in that mass range, he added.

Some theorists believe it may have a mass of more than 100 GeV, which could be produced only when a larger collider at CERN reaches full power.

aid of Intourist, which books hotel space for foreigners. Russians are confronted with problems that would seem surreal to a Western traveler.

In the absence of phone directories, it can be difficult just getting the number of an out-of-town hotel. There has long been a nationwide shortage of the directories, partly to prevent foreigners from gaining easy access to numbers.

Even with the correct number, dealing by phone with hotel clerks is often an exercise in frustration, with rude employees either refusing to book a room or simply hanging up because they do not want to be bothered.

Faced with these inconveniences, it is little wonder that Russians are less than enthusiastic about travel, and most prefer to stay home unless they can go somewhere on business, in which case return tickets and hotel reservations are easier to obtain.

Le Pen's National Front Stirs Chaos In Late-Night French Assembly Vote

Agence France-Presse

PARIS — The extreme-right National Front caused chaos during a late-night session of the French National Assembly by flipping voting switches for members of other parties who were absent.

The Front, which was widely condemned last month over remarks in which its leader described Nazi gas chambers as a "detail of history," said it had staged the vot-

ing incident Friday night and early Saturday to protest mass absenteeism during a debate on a drug law. The law, which was not the subject of controversy, was approved.

Members of other parties who were present said National Front deputies ran along the empty benches, flipping the switches with which deputies vote.

In most late-night debates, members of each parliamentary group vote for their absent colleagues by flipping the switches. This is the first time deputies have cast votes for members of rival groups.

Amid widespread protests from other parties, the National Front said its leader, Jean-Marie Le Pen, would explain the incident Monday. The party said the incident was aimed at "returning free expression to the people."

Mr. Le Pen, who is running for president next year, was widely branded as an anti-Semite and a Nazi sympathizer because of his remarks last month.

Two National Front deputies who took part in the voting said in a statement that absenteeism during the vote was an "outrage against the French people."

Patrick Devedjian, a deputy from the Rally for the Republic party of Prime Minister Jacques Chirac, said the National Front was "in the process of committing suicide, knowing that it has no hope whatsoever of having any members in the next parliament."

The Front won parliamentary seats because the previous Socialist government introduced a system of proportional representation in legislative elections last year.

KOREA: Opposition Split

(Continued from Page 1)

speak for an hour. Many of them chanted his name over and over, and shouted, "Run! Run! Run!"

And that is what Mr. Kim essentially said he would do, despite the absence of a formal statement.

"I think I'm the strongest candidate to solve the problems that our nation faces," he said.

He was even more unequivocal in a written statement that was distributed earlier to reporters and translated by his aides into English. In it, Mr. Kim bitterly denounced the contention, raised by Kim Young Sam and others, that he should not run because strong opposition to him within the South Korean Army created a risk of military intervention.

If Koreans accepted the idea of a military "veto group," he said, "it only means that we have given up democratization." He added, "I am convinced that we absolutely cannot change our position because of a certain attitude taken by a small number of politically minded soldiers."

In the written statement, Mr. Kim also touched on a point that he does not often tackle head-on — the sense among some South Koreans that for all his talk about democracy he is really, in his own words, "seized with the desire for power."

BARSCHHEL: Politician Dead

(Continued from Page 1)

said an autopsy would be performed.

Though Chancellor Helmut Kohl and his government were not touched, the scandal broke when his center-right coalition was embroiled in a divisive internal struggle, and it followed a series of regional election setbacks for his conservative Christian Democratic Union.

At immediate stake for the party was its 37-year monopoly on the politics of the agricultural province of Schleswig-Holstein. In elections on Sept. 13 — the same day the newspaper Der Spiegel first splashed the first charges against Mr. Barschel across its cover — the party lost 12 seats in the state parliament. It ended up with 33, three fewer than the Social Democratic Party's 36.

But the liberal Free Democratic party, one of the Christian Democratic Union's national coalition partners, threw its four seats behind the union, leaving the tying vote in the hands of a small Danish minority party.

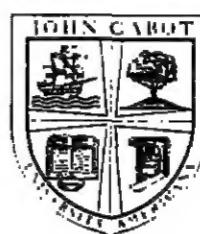
Now, with Mr. Barschel dead, the prospects were strong that the Socialists would either win a race for the state leadership outright or at least force an election, which they would be likely to win.

Mr. Barschel was survived by a wife and four children.



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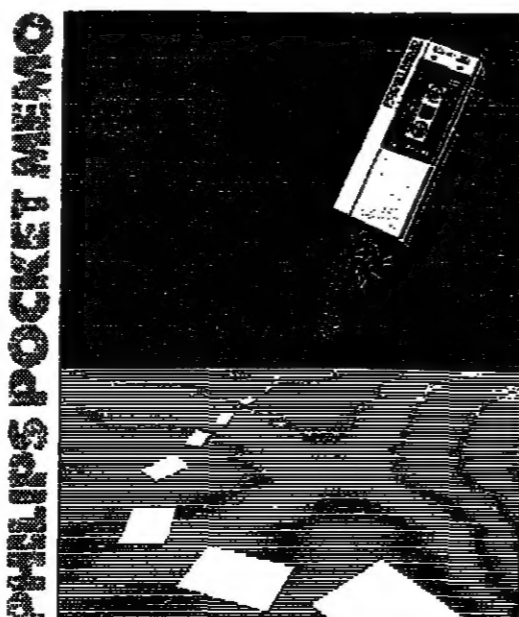
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FOCUS

Funds Debate Incentive Pay

WITH THE BRITISH fund industry in a full-fledged boom, it is little wonder that top firms are bidding up the salaries of fund managers. And with the upward spiral in compensation has come the thorny issue of whether pay should be linked to fund performance.

Tony Barnes, managing director of Korn Ferry International in London, the executive search firm, "A trend toward performance-related compensation has emerged."

While performance-linked compensation is widely accepted in the United States, the idea grates on management in some British firms. "Maybe the British are a bit old-fashioned and stuffy about it," suggests Nick Bain, who oversees about 10 funds for GFI Unit Managers Ltd.

British compensation was bound to go up given the growth in assets under management. The amount of money in British unit trusts has grown to \$47.8 billion from just under \$3 billion in 1980, according to the Unit Trust Association.

These days a junior fund manager responsible for a \$100 million portfolio may command an annual salary of \$50,000, according to London headhunters. A seasoned veteran with a proven record would fetch considerably more, and, at some firms, be eligible for equity stakes or share options.

The competition for talent has put strains on the practices of more traditional-bound firms. Old-line investment houses have typically recruited university graduates, trained them and moved them up through the ranks. A newly trained fund manager at these firms may earn \$30,000 a year.

"Home-grown talent tends not to cost as much," says an executive at a big London-based unit trust group. "The system fosters loyalty, team spirit and continuity."

He expressed disdain at cases where a firm brings in outsiders at "silly salaries" to fill specialized positions. "It's not our style to promote prima donnas," he says.

But along with higher salaries, firms increasingly are offering special rewards to managers. These incentives can be seen in two ways. First, they help firms attract and keep the best talent. Second, they encourage managers to bring more performance from their portfolios.

INCENTIVE PLANS can be a matter of applying detailed formulas or involve a less formal evaluation by management. At Allied Dunbar Unit Trusts, a plan was introduced this year under which fund managers can qualify for a bonus of up to 30 percent of annual salary by meeting several performance criteria, says Alex Lyle, a senior investment manager at the firm. The evaluations are carried out annually.

Graham Joblin, director of Gartmore Fund Management Ltd., says bonuses are available to managers deemed by the board to have made substantial contributions to the firm during the year.

While few industry executives dispute the merit of tying compensation to fund performance, some are wary of closely linking bonuses to fund performance.

People outside like to see fund managers paid by performance because they think it is a good incentive," acknowledges Douglas Hunter, investment director for Actua Unit Trust Ltd.

But the bonus is a bit dangerous," he says. "It doesn't gain that much more productivity. I would rather be paid well consistently, and if I don't perform, then I'm out."

Jim Edwards, chairman of Kleinwort Benson, says bonuses based on how well a fund performs can be unfair if they fail to allow for fluctuations in market or economic conditions. For example, a manager who guides a fund specializing in technology stocks would lose out on bonuses if economic conditions depressed that sector of the market, even though he may have been adept at limiting the damage to his portfolio.

A grave issue for investors is whether performance-linked compensation encourages their fund manager to take more risk than he would otherwise in the hope of achieving impressive gains. Mr. Train of FTI Unit Managers says the debate in the industry focuses on what is the best way to compensate a fund manager without encouraging the manager to go after short-term, speculative gains.

A possible solution, says Mr. Barnes of Korn Ferry, is to design compensation packages so that extra pay for superior work is based on performance over a longer interval of time. Under a rolling compensation structure, the payout might come as often as once a year but be tied to performance over two or three years.

An arrangement of that kind would have at least two advantages: It would encourage managers to pursue longer-range strategies and it would diminish

Continued on page 11

Offshore Funds Cash In on Pacific Basin Plays



Charles Weller

By John Meehan

OFFSHORE FUNDS that specialized in smaller Asian markets and Australia turned in a strong performance in the third quarter, as managers of other portfolios struggled to overcome the prevailing uncertainties in the larger world markets.

In the three months ended Sept. 30, the 12 offshore funds that invest in a range of Southeast Asian markets were up 18.32 percent. But it was clear from the results of single-country funds that the biggest gains were made in Taiwan and Hong Kong, two of Asia's so-called "little dragon" markets.

Funds that specialized in Hong Kong generated a total return of 25.86 percent, while the two funds that focused exclusively on Taiwan were up 68.28 percent, according to Lipper Analytical Services, which tracks 482 offshore funds. Australian funds showed a return of 27.38 percent.

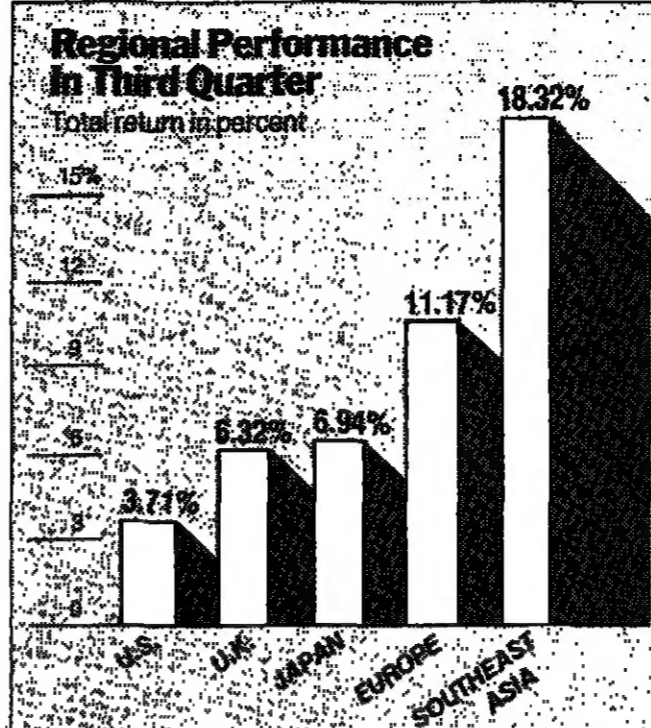
By contrast, European funds generated a return of 11.17 percent in the same period, while funds that

The quarter's stars: Taiwan, Australia and Hong Kong

specialized in U.S. equities were up a mere 3.71 percent. Still, the big disappointment occurred in Japan, where nagging doubts about the vitality of the Tokyo Stock Exchange took its toll. Average returns on Japanese funds were up only 6.94 percent.

Bond funds, in general, had a dismal quarter. The 197 fixed-income portfolios tracked by Lipper Analytical generated an average negative return of almost 1 percent. The weakness was symptomatic of the bearish mood that has descended on bond markets worldwide because of rising interest rates.

The quarter's best performer, the Taiwan (R.O.C.)



Top 10 Offshore Funds in Third Quarter

Taiwan (R.O.C.) Fund	70.43%
First Securities Investment Trust	66.14%
Thornton Hong Kong & China Gateway Fund	48.74%
Gartmore Oriental Ventures	47.60%
Australian & General Exempt Fund	46.62%
Thornton Little Dragons	45.42%
Mercury Selected Trust, European Opportunities	45.38%
Schroder Portfolio Selection, Gold Fund	42.60%
GAM Hong Kong	38.52%
Schroder Portfolio Selection, Australian Fund	37.61%

Source: Lipper Analytical Services Inc.

On the Move In Manila

By Patrick L. Smith

HONG KONG
FOR JAMES MELLON, investing in the Philippines started almost as an accident.

On a vacation in Manila two years ago, the managing director of Thornton Management (Asia) Ltd. simply wandered into the Manila Stock Exchange one hot, uneventful afternoon.

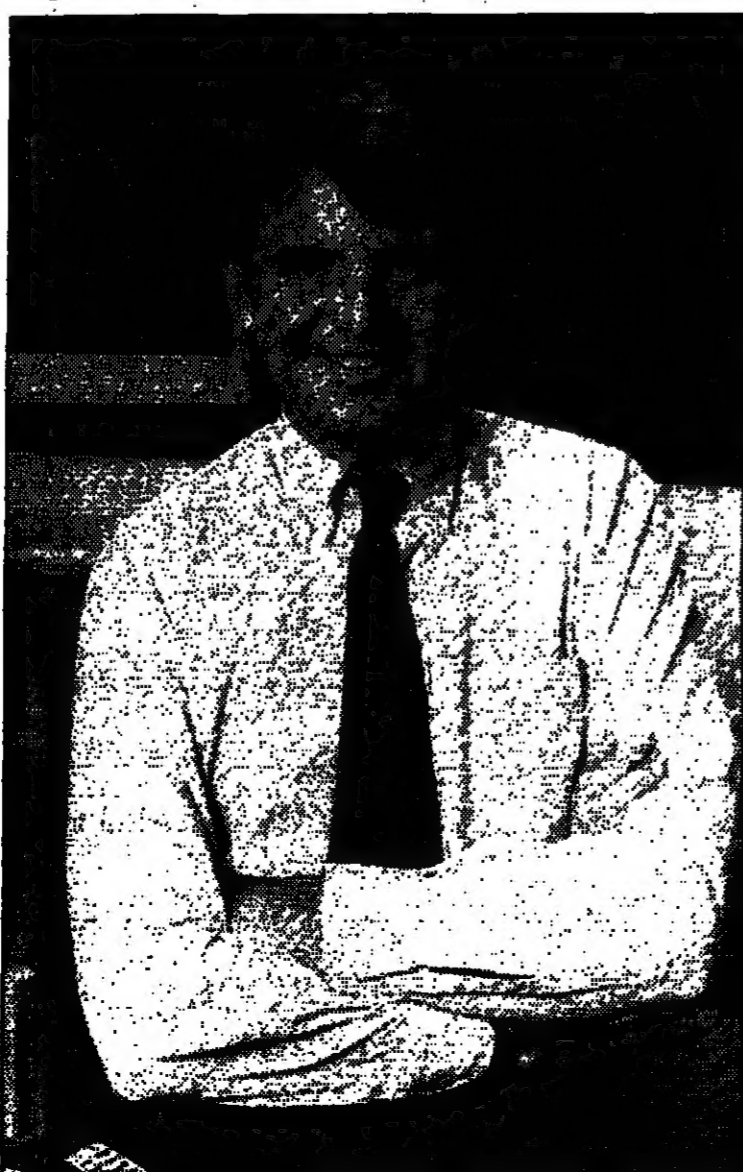
"There wasn't a sign of activity — no one in sight," the 30-year-old Mr. Mellon recalls. "The last share transaction listed on the board was dated 1983. The number of active brokers had gone from 300 to two." Intrigued, and with a slight sense of living on the edge, Mr. Mellon put \$20,000 of his own money into San Miguel and Philex, the blue-chip brew-

er and equally well-regarded mining company. "It took six weeks for Vickers de Costa to fill the order," Mr. Mellon says.

A month later, Thornton's Pacific Investment Fund was reorganized as a mutual fund. And it soon began to invest in the Philippines for the first

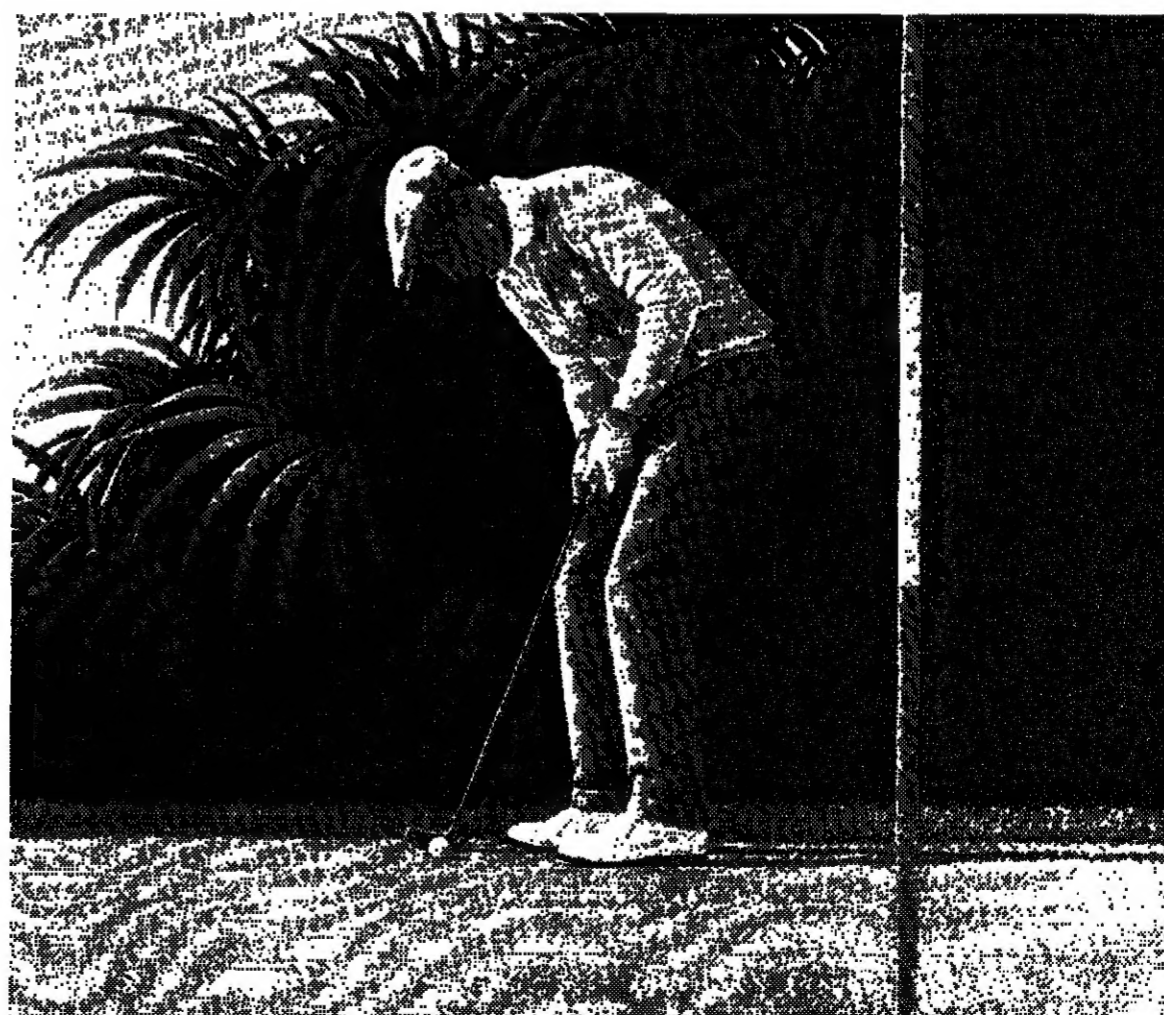
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The political uncertainties don't deter James Mellon



James Mellon in the offices of Thornton Management (Asia) Ltd. in Hong Kong.

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Pacific Plays:
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Continued from page 7

upside was going to be," Mr. Champion says, "nobody knows where the downside could be."

Among Australian funds, M&G's Australian & General Exempt Fund was the best performer with a return of 46.62 percent in the latest quarter.

Portfolio manager David Hutchins notes that 75 percent of the fund's assets are invested in natural resource stocks, with the remainder in selected industrial issues. He also credits the appreciation of the Australian dollar, which advanced strongly after the government unveiled a favorable budget package in early September.

Mining stocks, such as Western Mining, were among his best performers. But he says this had less to do with the continued fascination with gold shares than a "belief that commodity prices will take off." As for non-mining issues, he says Elders IXL, which owns stakes in Fosters, the brewer, and Broken Hill Properties, also proved a strong gainer.

Gold funds also proved resilient, up 21.47 percent during the third quarter. Schroder's Portfolio Selection Gold Fund was the best performer, generating a return of 42.6 percent.

ONCE AGAIN, the success of gold portfolios had little to do with precious metal prices. Instead, David Smith, who manages Schroder's gold portfolio, says gold stocks continued to benefit from investors who grew leery of the prolonged rallies in major markets and sought some diversification.

"I don't see gold prices doing much," he says. "But there's been a nice, steady flow of money into gold stocks."

About 40 percent of Mr. Smith's portfolio is invested in South African shares. Earlier this year, many gold funds were reluctant to invest in South Africa because of the political uncertainties. Moreover, political pressure created by the growing anti-apartheid sentiment, especially in the United States, forced many investors to divest their South African holdings.

Mr. Smith says that he is "not blind to the political uncertainties" but notes that his fund's stated objective is to invest in gold shares. South Africa, he says, offers the best value. In fact, he says he has been selling some of his Australian stocks, which account for 28 percent of the fund's assets, during the market's recent rally.

Mr. Smith says most of the major South African mines are included in his portfolio. He also owns shares in Esatling, a recent issue. "They all have been creeping up," he says. "But there are no big winners." In Australia, Mr. Smith says Parings Mine & Exploration and Whim Creek have proven strong performers.

OVERALL LEADERS

Total return in dollars for periods ending Sept. 30, 1987

Year to Date

Taiwan (R.O.C.) Fund Int'l Investment Trust Co.	159.75%
First Securities Invest. Int'l Investment Trust Co.	152.39%
Australian & Gen'l Exempt M&G Group	135.87%
Save & Prosper Gold Save & Prosper Mgt. (Jersey)	133.42%
Gartmore Japan Warrant Gartmore Fund Managers	126.88%
Gold Exempt (Ac.) M&G Group	118.66%
Gold Exempt (Inc.) M&G Group	117.42%
Barclays Uni-Australian (Inc.) Barclays Unicorn Int'l	105.76%
Barclays Uni-Australian (Ac.) Barclays Unicorn Int'l	105.46%
GAM Pension & Charity UK Global Asset Management	104.05%

Two Years

Gartmore Oriental Ventures Gartmore Fund Managers	513.71%
JF Philippine Trust Jardine Fleming	431.89%
Taiwan (R.O.C.) Fund Int'l Investment Trust Co.	352.23%
JF Pacific Securities Jardine Fleming	349.93%
JF Pacific Income Jardine Fleming	349.16%
Espace UBS/Intraq	313.55%
Lazard Bros. Far Eastern Lazard Securities (Jersey)	276.20%
JF Japan Trust Jardine Fleming	268.80%
Thornton Hong Kong & China Thornton & Co.	238.77%
JF Hong Kong Trust Jardine Fleming	236.38%

Twelve Months

Australian & Gen'l Exempt M&G Group	206.50%
Taiwan (R.O.C.) Fund Int'l Investment Trust Co.	188.14%
Barclays Uni-Australian (Inc.) Barclays Unicorn Int'l	187.44%
Barclays Uni-Australian (Ac.) Barclays Unicorn Int'l	186.01%
First Securities Invest. Int'l Investment Trust Co.	180.07%
Gartmore Oriental Ventures Gartmore Fund Managers	167.03%
Thornton Hong Kong & China Thornton & Co.	146.67%
Baring Hong Kong Baring Int'l Fund Managers	146.39%
Save & Prosper Gold Fund Save & Prosper Mgt. (Jersey)	144.49%
Five Arrows Australia Rothschild Australia	139.74%

Five Years

JF Pacific Income Jardine Fleming	1,007.93%
Quantum Fund Soros Fund Management	781.51%
JF Japan Trust Jardine Fleming	749.27%
JF Pacific Securities Jardine Fleming	708.34%
Hambros Pacific Japan Hambros Fund Managers	662.38%
Schroder Japan Fund Schroders Asia Ltd.	631.02%
GT Japan Small Cos. GT Group	603.95%
Lazard Bros. Far Eastern Lazard Securities (Jersey)	589.96%
Espace UBS/Intraq	546.25%
Worldinvest Equity Fund BA Investment Management	539.13%

Source: Lipper Analytical Services

In light of the specialized nature of the quarter's most successful funds, Mercury's Selected Trust European Opportunities Fund seems an odd addition to the list of the top 10 funds.

Consuela Brooke, director of Mercury Asset Management Holdings, says the fund proves it is a fallacy "that you can't invest in Europe anymore." She adds, "These markets are by no means dead."

About 30 percent of the fund's assets are in Portugal, and another 30 percent in Switzerland, mostly warrants on registered shares. Spain is her next favorite market and accounts for 20 percent of the fund's holdings.

The fund underweights the larger European markets. British shares make up no more than

12 percent of the portfolio. West German and French shares account for less than 10 percent.

Among individual stocks, Ms. Brooke says some of the fund's strongest performers are in Portugal and include Cohn, which makes construction materials, and Losour, a land developer.

In the United States, managers who bet on companies positioned to cash in on a vigorous economy and a lower dollar fared well.

"We continued to have heavy investment in economically sensitive stocks, with a major focus on technology," says Joseph McNay of Essex Management, who guides Global Asset Management's Boston Fund. It is the best performer this year among the more than 64 offshore funds that specialize in the U.S.

stocks, with a return of over 70.7 percent in the first nine months.

"Our biggest single focus is the current level of the dollar," Mr. McNay says. The companies in which he invests have become more competitive as the dollar has weakened, though he believes the U.S. currency's decline is largely over. Many of the companies slimmed down and restructured their operations during the preceding period of dollar strength. Now, they are profiting from more efficient operations and, in some cases, a wave of product introductions.

Big gainers in the Boston Fund's portfolio include technology stocks such as Apple Computer, Intel, Motorola and Hewlett-Packard. The fund also has done well in so-called cyclical growth stocks, especially chemical

and forest-product issues. In the fourth quarter, Mr. McNay says the fund may broaden its holdings in this area, adding specialty chemical makers and distributors of industrial products.

Mr. McNay takes a negative stance on consumer-related issues, especially specialty retailers. These issues fared poorly in the third quarter.

Though some of the narrowly focused funds turned in spectacular performances, it was clearly more difficult in the third quarter to match the stunning gains that characterized the performance of offshore funds earlier in the year. In large part, this reflects the general fatigue that seemed to overtake many of the world's stock markets at the beginning of the summer.

Currency Funds:
Third Quarter

Total return in dollars

Schroder Portfolio Selection, Sterling Fund	5.30%
Bermuda Int'l Currency Fund, U.S. Dollar/Sterling Class	5.00%
Thornton Liquid Reserves, Sterling Class	4.96%
Barclays Unicorn Multicurrency, Sterling Class	4.62%
Baring Currency Fund, Sterling Class	4.06%
Guinness Flight Global Strategy, Sterling Money Fund	4.03%
Henderson Global Strategy, Sterling Cash Shares	4.00%
Old Court Int'l Reserves, Australian Dollar Shares	3.95%
Old Court Currency Fund, Australian Dollar Shares	3.92%
Henderson Managed Invest., Sterling Cash Sub. Fund	3.84%

A Tranquil
Period for
Currencies

OFFSHORE CURRENCY funds among the chief beneficiaries of the dollar's steep decline last year, saw their performance sharply curtailed in the latest quarter by the relative tranquility of foreign exchange markets and the increase in interest rates worldwide.

Funds denominated in sterling generated a total return of 3.29 percent in the third quarter, according to Lipper Analytical Services. Japanese yen funds were up 2.35 percent, while dollar-denominated funds showed a return of only 1.24 percent. Deutschemark funds turned in an equally disappointing quarter with a total return of just 1.1 percent.

The 152 deposit funds tracked by Lipper Analytical had average returns of 1.9 percent. Deposit funds function much the same way as money-market funds. Assets generally are invested in short-term currency deposits and money-market instruments in the same currency as the fund's shares.

Fund management companies typically offer a family of deposit funds in various currencies. This allows investors to switch among currencies according to their needs and views on the foreign exchange market. In the latest quarter, however, there were no winners.

Managed currency funds did slightly well. The 45 funds measured by Lipper Analytical showed an average return of 1.77 percent despite their typically more aggressive management approach. Managers of these funds generally switch among financial instruments in various currencies to maximize gains in the value of their fund's dollar-denominated shares.

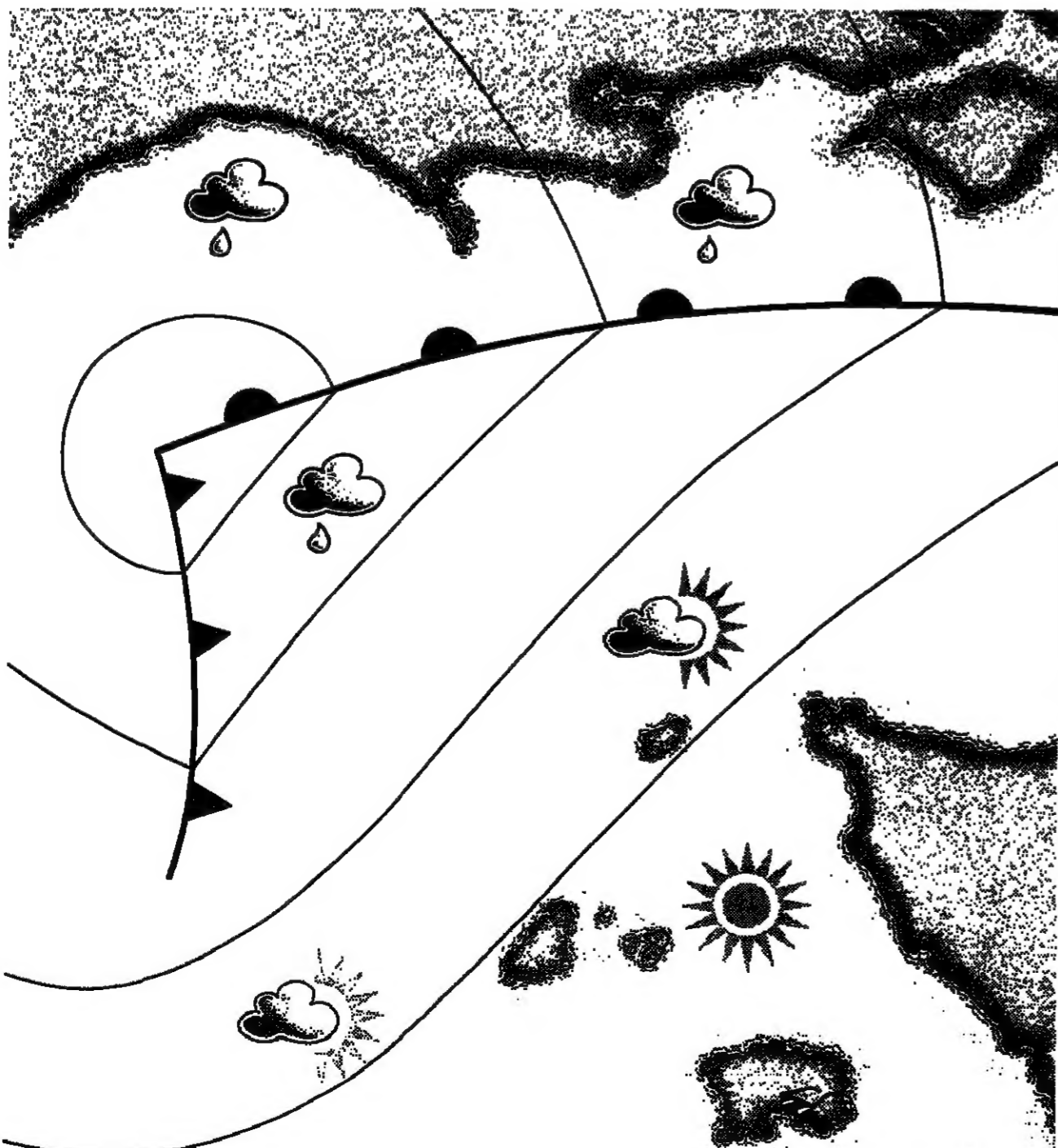
"It's no mystery. Currency funds do well when the dollar is declining," says the director of a London-based managed fund. Indeed, since last February, when finance ministers and central bank governors from leading industrial nations devised the so-called Louvre Accord to stabilize the dollar, an uneasy calm has settled upon currency markets. In the absence of volatility, no currency has sustained a steep gain in value.

Moreover, the apparent decision by the U.S. Federal Reserve, as well as monetary authorities in Europe and Japan, to pursue less accommodative interest rate policies has severely limited the returns on fixed-income investments.

Robin Corner, the manager of Schroder Portfolio Selection Sterling Currency Fund, blames higher short-term interest rates in Britain for the relatively disappointing performance of his fund. Although Schroder's sterling deposit fund was the quarter's best performer, it generated a return of just 5.3 percent.

As for the future, Mr. Corner believes sterling rates will continue to rise, pushed higher in response to the Fed's attempts to nudge rates higher in support of the dollar. "I certainly can't see rates coming down for the moment," he says.

John Meehan

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OFFSHORE

Portfolio Update: Mixed Views on the U.S.

The big bets are on U.K., Far East and European shares.

By Marybeth Nibley

B RITISH SHARES and selected Far East and European markets look attractive, but there are some doubts about U.S. stocks. That seems to be the message from three investment advisers who were asked to comment on a portfolio of offshore funds for an investor with \$50,000.

The model portfolios above were designed for a long-term investor who emphasizes growth over income and is comfortable with only moderate risk. The breakdowns reflect the advisers' current expectations for markets over the next six to 12 months. Figures do not take into account commissions, adviser fees or taxes.

There were few dramatic shifts from the portfolios. The same advisers recommended in the April issue of *Personal Investing*. All still include substantial exposure to funds specializing in Far Eastern, European and British shares. There is, however, a difference of opinion on Wall Street's prospects.

Hill Samuel raised the amount in its Crossbow fund, which specializes in Far Eastern equities and convertible securities, to \$10,500 from \$6,250.

Hoare Govett held its exposure to Japanese securities steady and took some profits on its holdings in the Thornton Tiger Fund, reducing its stake to \$7,000 from \$7,500. The Tiger Fund, which invests in Asian markets, was up more than 15 percent in the third quarter alone.

Kleinwort Grieseson raised its bet on Asia's emerging markets by increasing holdings in the Baring Octopus Fund to \$7,500 from \$5,000. Japanese equities held steady at about \$3,000.

The two Pacific markets that seem to have caught the advisers' interest are Hong Kong and Australia. Ian G. Stephens, investment director of Hill Samuel

PORTFOLIO 1

Hill Samuel Investment Management Int'l.

Hill Samuel Overseas Fund	\$12,000
Hill Samuel Int'l Bond Fund, Dollar Class	\$7,000
Hill Samuel European Equity Fund	\$9,000
Hill Samuel Int'l Bond Fund, Sterling Class	\$2,750
Hill Samuel Crossbow Fund	\$10,500
Hill Samuel UK Growth Fund	\$6,250
Hill Samuel Int'l Currency Fund, Dollar Class	\$2,500

Investment International, says he has a bullish attitude toward Hong Kong because of depreciation of the Hong Kong dollar, which is linked to the U.S. dollar. The currency weakness should enhance Hong Kong's export opportunities, he says.

Hong Kong government officials recently estimated that the economy would bound ahead at a 12 percent annual pace this year, double the rate initially forecast. "Share prices should rise quite substantially in the next nine months," says Mr. Stephens.

As for Australia, Mr. Stephens described himself as "quietly confident." Australian gold-related shares should benefit from the continuing uncertainties in South Africa, and generally strong stock market there. Hoare Govett (Channel Islands) Ltd.'s portfolio also stands to profit on these shares through its \$2,500 holding in the Save & Prosper Gold Fund.

All three portfolios took a positive stance on the British market. Hoare Govett puts a hefty \$15,000 of the \$50,000 into a Fidelity fund specializing in U.K. equities and convertibles. In April, the fund had earned \$12,500 for the Hambro Special Situations Fund.

"The U.K. market should do nicely, given there aren't many major cash calls," says Andrew Buchan-

PORTFOLIO 2

Hoare Govett

Fidelity Performance Portfolios UK Fund	\$15,000
Mercury Selected European Fund	\$5,000
Jardine Fleming Japan Trust	\$15,000
Jardine Fleming Pacific Income Trust	\$5,000
Thornton Tiger Fund	\$5,000
Mint Limited	\$2,500
Save & Prosper Gold Fund	\$2,500

an, the firm's director, referring to a recent wave of rights offerings and new issues. Peter Saunders of Kleinwort Grieseson agrees. He believes economic fundamentals will again start asserting themselves in the British market.

"The market has had a setback with all the money being raised, including the big British Petroleum offer," he acknowledges. "On the more positive side, corporate news is good. If you look at other world markets, the U.K. market is inexpensive, which we think puts a downside limit on it."

K LEINWORT GRIEVESEN Investment Management doubled its portfolio's exposure to the British market by allocating \$10,000 to the Hambro Special Situations Fund. In April, it had \$5,000 in the Hambro U.K. Growth Fund.

Kleinwort's portfolio maintains a considerable exposure to international bonds, which will give it an opportunity to cash in on any easing of interest rates in key markets or favorable currency shifts. Peter Saunders, head of the firm's private client affairs, says the firm foresees a "mild technical recovery" in bonds. Hill Samuel scaled down its portfolio's exposure to dollar bonds, to \$7,000 from \$10,000 in April.

PORTFOLIO 3

Kleinwort Grieseson

Hambro Special Situations Fund	\$10,000
Kleinwort Benson Int'l Accumulation Bond Fund	\$10,000
Fleming European Fledgling Fund	\$7,500
Baring Octopus Fund	\$7,500
Kleinwort Benson Japan Fund	\$5,000
Kleinwort Barrington American Smaller Companies Trust	\$5,000
Cash	\$5,000

There was some divergence of strategies in Europe. Hill Samuel committed \$9,000 to its European fund, up from \$7,500 in April. But Hoare Govett and Kleinwort scaled back European holdings.

Hoare Govett cuts its holdings in the Mercury Selected European Fund to \$5,000 from \$7,500, and Kleinwort opted for a \$7,500 commitment to the Fleming European Fledgling Fund. In April, Kleinwort had devoted \$10,000 to the F&C European Fund.

Two of the three advisers exhibited some doubts about the U.S. outlook.

"We don't like the United States," says Mr. Buchanan of Hoare Govett. "We don't like the currency risk. The hope of lower interest rates has been dashed."

Kleinwort Grieseson has somewhat more confidence, but prefers to bet on smaller American companies.

Mr. Stephens of Hill Samuel remains bullish. He expects the dollar's decline to help U.S. companies regain competitiveness.

The odds are that inflation will remain in check as the economy expands moderately over the next year, he adds.

PROFILE

Thornton's Manila Play

Continued from page 7

time, acquiring its first shares in Manila, \$500,000 worth of San Miguel.

So began a commitment in the Philippines that now totals roughly \$100 million, spread among 14 Thornton funds. Mr. Mellon's pride is the \$11.3 million Philippines Redevelopment Fund, an offshore fund that was launched in June 1986. Since the start of the year, the fund has generated a total return of 49 percent, according to Lipper Analytical Services.

That record punctuates a nine-year career in fund management, which started immediately after Mr. Mellon graduated from Oxford in 1978 after having studied philosophy, politics and economics. After spending two years in Hong Kong for G.T. Management and several more in California, Mr. Mellon followed Richard C. Thornton from G.T. back to Hong Kong in early 1984, when Mr. Thornton set up his Asian headquarters.

Part of the gain in Manila, Mr. Mellon acknowledges, was a simple matter of being in the right market at the right moment.

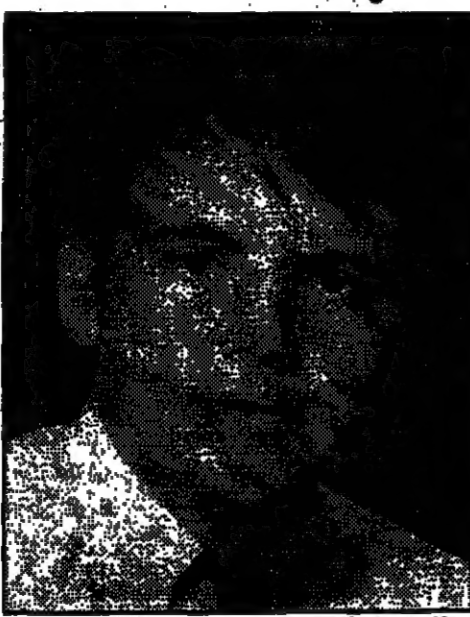
Thornton paid 16 pesos a share for San Miguel back in 1983, 15 centavos for Philx and 38 pesos for Philippine Long Distance Telephone; the Manila index stood still at 140.

The rewards, of course, have been extraordinary. After adjustments for share splits, those three issues went up to 235 pesos, 83 centavos and 320 pesos, respectively. In early August, the Manila commercial and industrial index hit a peak of 1,250.

After the final two-month spurt that was characterized by virtually indiscriminate buying, Manila has now given back almost half of its two-year gain. The attempted military coup and lingering uncertainty about President Corason C. Aquino's administration has clearly unnerved many investors in recent weeks. Yet, Mr. Mellon is undaunted.

"It may sound naive, but I think Aquino will serve out her term," Mr. Mellon says, unburned from a mid-September trip to the capital. "Each test of strength makes her a better administrator."

Mr. Mellon is equally confident about the future of the Philippine economy. The first half of 1987 has already seen a boom in consumer spending and a 29 percent increase in construction activity. Mr. Mellon cites the deregulation of national monopolies and external factors, such as the strength of the yen,



Mellon calls Manila's downturn a healthy correction.

Manila market," he says. "When local institutions are recommending them, the endgame has come." As a result of that move, Mr. Mellon spared investors in Philippines Redevelopment a lot of pain. In the latest quarter, the fund had a negative return of 6 percent, according to Lipper Analytical. By contrast, the market is down 45 percent from its summer peak.

Like other analysts and fund managers, Mr. Mellon views the market's recent downturn as "a normal, healthy correction" in a much-overheated environment. He now sees an upward potential of 30 percent to 40 percent in prices before the end of the year.

Given the current rate of earnings growth — Mr. Mellon expects corporate profit gains to average between 30 percent and 40 percent in the coming year — Manila remains a relatively cheap market, with a prospective price-earnings multiple of 12. The resistance, he says, will come at around 1,250 on the commercial and industrial index, since so many of the summer's speculators bought in at the peak.

"The market's waiting at the moment," Mr. Mellon says, "but the worst of the drop is behind us."

Reflecting this view, Mr. Mellon has been moving the fund back into equities since early September. How quickly it will again be fully invested depends on price, since he says his buying programs are designed to take account of further market drops.

The emphasis this time will be different. San Miguel and Philippine Long Distance Telephone previously accounted for about 40 percent of the overall portfolio. The rest was spread more or less evenly among the market's handful of blue chips.

Reflecting Mr. Mellon's radically bullish view of the prospects for Philippine gold and copper producers, mining stocks — Benguet, Philx and Lepanto — will account for more than half his portfolio, he says, compared to their previous weighting of 15 percent or so.

He is also optimistic that the government will take steps to alleviate the market's tight supply of quality stocks, a perennial problem among Asia's small markets.

O F THE 400 industrial and service concerns now in the administration's hands, 180 are currently eligible for privatization. Mr. Mellon expects Finance Minister Vicente Jaime, who replaced Jaime Ongsin in September, to be more effective in pushing this program forward. But he acknowledges that it is difficult to predict when the government will act. "These are ideal market vehicles — visible, tangible and with good-quality assets," Mr. Mellon says.

Of particular interest to Mr. Mellon is Philippine Airlines, when it is fully refinanced, and the famed Manila Hotel. Resorts in Baguio and Puerto Azul also intrigue him.

On the industrial side, he is hoping to see Manila Electric Power Co. and Philippine National Steel Co. come to the market, as well as the 38 percent stake in San Miguel and 20 percent interest in Philippine Long Distance Telephone that have been sequestered by the government.

Mellon believes Mrs. Aquino will serve out her term.

increased foreign aid and higher commodity earnings, are reasons for his upbeat outlook.

"The consensus is that the economy will grow by 5 percent to 6 percent this year," he says. "We say 7 percent to 9 percent in real terms. The magnitude of the recovery will be far greater than anyone thinks."

This, indeed, is a minority view among independent economists. The year-old recovery, many believe is so far attributable chiefly to government pump-priming, catch-up investment and improvements in commodity prices, not production.

Neither do many observers exhibit the same confidence that Mr. Mellon professes in Mrs. Aquino's ability to turn around her deeply divided and, some would say, ineffectual administration. For him, however, the answer to all this lies in share prices themselves.

"The market is a precursor," Mr. Mellon asserts. "Sevenfold rise in prices has got to be a signal that something important is happening in the economy."

Mr. Mellon has played the market almost perfectly since the day the fund was launched. With only \$40,000 in subscriptions when Philippines Redevelopment was first offered, the fund grew to almost \$20 million in July, remaining fully invested throughout the market's rally.

Just before the market turned two months ago, however, Mr. Mellon cashed in half of his holdings. The reason was simple, he says. The talk in the market had quickly come to be dominated by the half dozen oil stocks listed on Manila's twin exchanges. The oils are perennial late-cycle stocks in the



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MUTUAL FUNDS

Betting on Fund-Management Stocks

By David Lanchner

WHEN INTEREST RATES began to climb last April, the impact on the U.S. mutual fund industry was devastating. The popularity of mutual funds that specialize in bonds collapsed. Shares in the management firms that offer them plummeted by almost a third. And a cloud suddenly descended on an industry that had grown by a robust 40 percent a year since 1984.

Yet, the question asked more frequently nowadays is whether the adjustment may have been too severe. And despite some reservations, industry experts say yes.

To be sure, fund management companies have been too dependent on bond funds. After several months of declining sales, some may even find themselves in a net redemption situation this autumn.

But in some cases, companies with strong marketing abilities have been able to staunch the flow and actually increase earnings by diverting redemptions from fixed-income funds into money-market and equity funds.

This resiliency seems to have gone by unnoticed by many investors, who, according to industry analysts, mistakenly assume that the earnings of all fund management companies mirror the ups and downs of particular markets, or are interest-rate sensitive.

"Most of these companies have gone public in the last three or four years and the dynamics of the sector are still insufficiently understood by Wall Street," says Lacy McNamee Shockey, an analyst with Morgan, Nugent, one of the few brokerages currently following the mutual fund business.

The tendency to lump the good companies with the bad has produced significant value in a number of fund management stocks, notably, T. Rowe Price and Dreyfus Corp.

With both companies trading at about 13 times earnings, down from a March multiple of about 19, and future growth pegged at near 20 percent a year, virtually all analysts rate these two stocks a buy.

"That's no accident," says Ms. Shockey. "Dreyfus and T. Rowe Price stand out among the dozen companies that trade publicly because they charge no sales commission."

In general, these so-called "no-load" fund groups have radically different marketing and profit structures that make earnings and growth much more stable.

'Most of these companies have gone public in the last three or four years and the dynamics of the sector are still insufficiently understood by Wall Street.'

Loads, which make up two-thirds of the mutual fund business, largely depend upon independent brokerage houses to generate sales and then split commissions with them. As sales dry up, brokers put redeemed funds in their own money-market and equity funds.

"Once the original commission has been made, there's no way a broker will shift you to a different fund in the same group than is the load customer," says Tom Ackerman, director of research at Fitch, Dewiler, a Boston brokerage.

No-loads like Dreyfus and T. Rowe Price market directly and work assiduously at keeping clients happy. The result is loyal customers and a wide range of services and funds to choose from.

"When the bond market turns sour, as it has," says Ms. Shockey, "the no-load client is far more likely to simply shift to another fund in the same group than is the load customer."

The numbers bear her out. Assets in bond funds at both T. Rowe Price and Colonial Group, considered one of the more dynamic marketing groups, are shrinking.

Not surprisingly, the popularity of these thinly traded stocks usually wanes in a bear market. And in the current market, uncertainties surrounding currency fluctuations and the vitality of global markets have kept investors away.

Mr. Gibbs says the share perfor-

manence of Templeton, Galbraith, the firm of the well-known global investor, John Templeton, has been held back because of its high exposure to the dollar.

Still, analysts believe the market has been too quick to dismiss the sector. The star of the fund management companies has been Mercury Asset Management. Since going public in April, its stock has appreciated 157 percent, "largely on the strength of its U.K. exposure," says Mr. Gibbs, referring to London's sustained rally.

And there are other companies worth looking at, analysts say. Three frequently mentioned ones

are Edinburgh Fund Managers, Britannia Arrow and Framlington.

Britannia Arrow, trading at 14 times earnings, is rated a "buy" by both Mr. Gibbs and Mr. Coombe. Britannia Arrow's unit trust holdings grew dramatically in 1986 with the purchase of MIM, a leading unit trust manager. The firm has also been aggressive in creating marketing ventures with foreign companies, particularly in the United States.

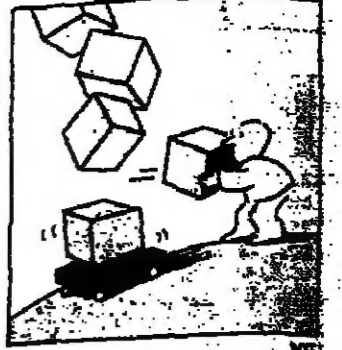
Framlington, a strong unit trust organization, has moved to expand its range of funds to broaden its appeal to pension managers.

Like Britannia Arrow, it also has established overseas marketing arrangements. Moreover, Mr. Gibbs likes Framlington's high exposure to the London market. The stock trades at a price-earnings multiple of about 15%.

Mr. Gibbs also recommends Edinburgh Fund Managers. The firm is trying to diversify its geographical spread and already has links with U.S. and Australian fund groups.

Still, 58 percent of its assets are concentrated in the uncertain Japanese market, earning it a "hold" at Phillips & Drew. The stock trades at a multiple of 14.

David Lanchner



Of course, a sweetener for any investor considering out-of-fund stocks is the possibility of a takeover. And experts say this is a strong likelihood in the fund management business.

Both Mr. Keele at Drexel and Mr. Ackerman believe there may be a number of companies that may seek a fund management acquisition.

The most likely suitors are insurance companies, which need easy access to mutual funds as they build their whole and universal life businesses, and European financial companies, especially those from Britain. These companies, they note, are aggressively building global fund networks.

Laggard U.K. Firms Offer Opportunity

DESPITE BOOMING SALES and notable success with global equity funds, Britain's publicly traded fund-management companies have hardly captured the imagination of investors.

"The value of the sector in relation to the exchange is essentially the same as it was a year ago," says Phillip Gibbs, an analyst at Alexander, Laing & Cruickshank in London.

Over the past 12 months, sales of unit trusts have increased by about 9 percent a month. And the global markets in which the firms specialize have appreciated well over 30 percent.

Mr. Gibbs calls the sector's average price-earnings multiple of 15% "ungenerous" and believes that shares in the 11 traded firms should sell at a slight premium to the average market multiple of 17.

Simon Coombe of Phillips & Drew adds, "Even if the multiple doesn't move, people who buy the better of these stocks should see dramatic earnings increases."

The volatile nature of earnings at British fund management com-

panies probably best explains why the multiples are down.

Unlike their U.S. counterparts, unit trusts uniformly charge a 5 percent sales commission. Fees from market-making activities is another big revenue source. However, both are highly dependent upon strong bull markets to generate business.

Not surprisingly, the popularity of these thinly traded stocks usually wanes in a bear market. And in the current market, uncertainties surrounding currency fluctuations and the vitality of global markets have kept investors away.

Mr. Gibbs says the share perfor-

manence of Templeton, Galbraith, the firm of the well-known global investor, John Templeton, has been held back because of its high exposure to the dollar.

Still, analysts believe the market has been too quick to dismiss the sector. The star of the fund management companies has been Mercury Asset Management. Since going public in April, its stock has appreciated 157 percent, "largely on the strength of its U.K. exposure," says Mr. Gibbs, referring to London's sustained rally.

And there are other companies worth looking at, analysts say. Three frequently mentioned ones

are Edinburgh Fund Managers, Britannia Arrow and Framlington.

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David Lanchner

Bad News For Bond Funds

By Leslie Wayne

US. BOND MUTUAL FUNDS produced a negative return during the third quarter and the mutual fund industry in general did not shine, according to Lipper Analytical Services, which tracks the performance of 372 fixed-income funds and 1,341 funds overall.

It was the second consecutive quarter in which bond funds produced a negative yield, reflecting the overall dismal performance of the bond market.

Benham Target 2015, a fund based in Palo Alto, California, that invests primarily in zero coupon bonds, was the worst performer among the bond funds.

Its net asset value dropped 22.9 percent, a steep fall from 1986, when the Benham family of zero coupon Treasury bond funds were among the best performers.

"It's the nature of the beast," says Donald Farrar, executive vice president of the Benham Management Corporation. Benham funds tend to outperform a bull bond market, he says, but underperform a bear bond market.

Fixed-income funds showed a 2.1 percent decline in value in the third quarter. They declined 1.92 percent in the second quarter.

"Interest rates started moving up this year and that became a severe problem for these funds," says Michael Lipper, president of Lipper Analytical Services.

The dismal third quarter is particularly troubling since fixed-income funds represent both the largest number of funds in the mutual fund industry and account for 40 percent of the total investment in mutual funds.

About \$195 billion is invested in

bond mutual funds, out of a total of \$445 billion invested in all mutual funds, not including short-term money market funds.

In the first quarter of this year, when long-term interest rates were falling, bond mutual funds were being heavily promoted to investors by the mutual fund industry because they assured investors of steady and relatively high returns.

Equity funds did better in the third quarter, averaging a 5.18 percent gain, but still did not beat the Dow Jones Industrial average, adjusted for reinvestment of dividends, which increased by 8.1 percent during this period, or the Standard & Poor's 500, which rose by 6.6 percent.

The top performing equity fund was Keystone Precious Metals, based in Boston, with an increase in net asset value of 26.5 percent.

The fund benefited from a decision to invest in Australian and North American gold companies rather than South African ones, says Malcolm Pirnie, Keystone's portfolio manager.

However, Mr. Pirnie said that while gold stocks should continue

to rise, the rapid appreciation that took place earlier this year should begin to taper off.

"The basic direction is up," Mr. Pirnie says, "but it would be unrealistic to expect to continue the returns that we've seen this year."

Gold equity funds showed the best performance, with a 22.14 percent gain. The strong showing among gold mutual funds continued a trend that has seen returns on these funds rise by 79 percent since the year began.

Other strong performing funds included those that invest overseas and in science and technology stocks. Laggard performers included utility, equity-income and health funds.

Still, the most dramatic events that occurred during the quarter involved the troubled bond funds, where returns have plummeted and investors have been withdrawing their funds.

"Basically, what's happening is that with the problems in the bond market, there's been a major shift in money out of fixed-income funds, as well as a general lack of interest in purchasing them," says

Claudia E. Mott, a quantitative analyst with Prudential-Bache Securities Inc.

Using data compiled by the Investment Company Institute, Mr. Mott said investors have pulled \$12.9 billion from bond funds through redemptions and exchanges in July and August, while \$14 billion in new funds were added.

By comparison, \$21.6 billion more flowed into bond funds in July and August 1986 than was taken out. During this time, bond mutual fund sales totaled \$258 billion.

"The typical investor in a bond fund is just taking their money out of the market," Ms. Mott says. "It's not going into equity funds. It probably just leaves the market entirely."

Mr. Lipper says these redemptions could put additional pressure on an already declining bond market.

As investors redeems their shares, he says, funds may have to sell off assets, creating a further loss of funds on the market and further depressing prices.

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How Mutual Funds Performed in the Third Quarter

Funds showing largest percentage gain in net asset value from the previous quarter.

Fixed-Income Funds		Equity Funds	
Dreyfus Convertible Securities	+8.65%	Keystone Precious Metals	+26.49%
Loomis-Sayles Mutual	+8.30	GT Japan Growth	+25.39
Fidelity Convertible	+6.62	IDS Precious Metals	+24.50
American Capital Harbor	+5.78	USAA Gold	+23.79
Continental Government Income	+5.59	Shearson Lehman Precious Metals	+23.62
Hutton Master Convertible	+5.54	Franklin Gold	23.58
Value Line Convertible	+5.16	Van Eck Gold Resources	+23.30
IAI Reserve Fund	+4.99	Midco Gold Shares and Bullion	+22.93
RNC Westwind	+4.85	United Gold and Government	+22.53
Kemper Total Return	+4.36	Fidelity Select American Gold	+22.35

*Dividends, capital gains reinvested

Source: Lipper Analytical Services

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Newsletter Gurus Offer to Bring Order to the Fund Chaos

By Joan Westreich

KEN WEBER'S STORY of how he became a newsletter writer is short. After a 14-year career as a performing hypnotist, he found himself with a lot of money. Learning how to invest it led eventually to starting Weber's Fund Advisor, his monthly newsletter.

Similarly, Mr. Weber believes in keeping his advice short and sweet. "People don't want a lot of information," he says. "They just want to know where to put their money."

Their desire for simplification is understandable, given the bewildering array of funds. In the five years since the bull market began, the number of mutual funds has quadrupled to more than 2,100. Indeed, the industry hatches a new fund at the rate of one a day.

The resulting confusion swelled the ranks of newsletter advisers. New entries proliferated, and more established letters that covered stocks and bonds added features about mutual funds. Five years ago, only a handful of newsletters were around to advise mutual fund buyers. Today, no fewer than 70 vie for subscribers.

"Everyone is looking for a guru," observes Mark Hulbert, editor and publisher of the authoritative Hulbert Financial Digest, a monthly that rates newsletter performance. He tracks the performance of about 35 newsletters that offer advice on funds. The ratings are limited to newsletters that have been around at least a few years and make clear buy and sell recommendations.

As a group, the results have not been spectacular when measured against the overall market's performance, notes Mr. Hulbert. Only a handful of newsletters have done better than the 26-percent total return on the Standard & Poor's 500-stock index over the past seven years, he says.

But the funds themselves have not done so well at beating the market. In the first half, notes Hulbert, the average equity mutual fund returned only 21.1 percent compared with the S&P's 27.4 percent.

The range of the newsletters advising fund buyers defies generalization. The field encompasses Mutual Fund Forecaster, which reports a circulation of 260,000, as well as upstart ventures with only a few hundred subscribers.

Typically published monthly or bi-monthly, they may provide model portfolios, ratings for a range of mutual funds, excerpts from other financial letters and general financial advice and features. Some cram their four-to-12 page letters with charts and graphs while others provide interim bulletins and telephone hotlines that give out advice at any hour of the day or night.

Some editors have traditional professional backgrounds in brokerages or money-management firms. Others, like Mr. Weber, boast more exotic stories. Peter Eliades tells of previous careers that included playing piano in bars and acting in "off Broadway" musical comedies. Now, he is editor of Stockmarket Cycles, a widely read newsletter noted for its analysis of stock market trends.

Most newsletters offer samples or trial subscriptions so readers can get a sense of the philosophy and approach. Mr. Hulbert

says a potential subscriber should gauge whether the newsletter is easily understood.

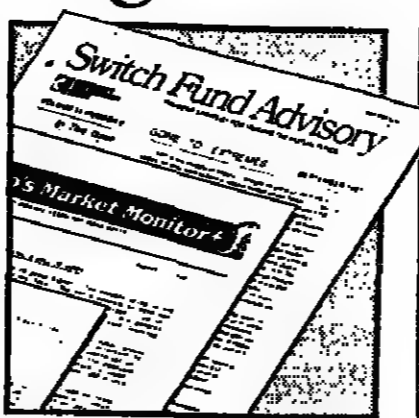
But the most important factor, he says, is whether the degree of risk in the newsletter's approach seems appropriate. Using a statistical measure, Mr. Hulbert looks at the volatility of a newsletter's performance over long periods of time as a gauge of risk. If two letters have the same performance, Mr. Hulbert would pick the one with the least volatile returns.

Most advisers' approaches depend on some form of analysis of trends in the prices of funds or in the overall stock and bond market, though some editors emphasize economic factors as well.

Many of the trend-following strategies involve tracking how funds perform against one another, trying to spot the ones that are gathering upward momentum. So-called technical indicators, such as 39-week moving averages, are a favorite tool, but some editors use more complex statistical approaches.

James Stack, a former IBM research project manager and investor, augments his technical analysis with information on Federal Reserve activity and short-term interest rates. Mr. Stack's InvestTech newsletter has taken a cautious posture lately, and his model portfolio at the end of September was 75 percent in money market funds and 25 percent in gold funds.

"All in all, this decision hasn't been a bad one," he says. "We locked in a 36-percent gain for 1987 and avoided the exasperating gyrations and nervous selloffs of the past couple of months."



Mr. Stack, wary of the effects of currency fluctuations, avoids international funds. By contrast, George Foot of the Mutual Fund Monitor, embraces the global approach.

His international portfolio of mutual funds was Hulbert's top-rated portfolio in the 18-month period ending June 30. Currently, the international portfolio is 60 percent invested in the GT Europe fund, 10 percent in the GT Pacific fund and 30 percent in a money market fund.

Norman Fosback uses a broad range of technical and monetary indicators to generate one-year forecasts for the market in the Mutual Fund Forecaster. Current best buys include Pacific Horizons Aggressive Growth Fund for high risk traders, Fidelity OTC for medium risk investors and Fidelity Growth and Income for investors with a low-risk posture.

HONOR ROLL

The 10 best-performing mutual-fund newsletters tracked by The Hulbert Financial Digest during the 18-month period ending June 30, 1987. Performance figures represent the average return on the newsletter's recommendations. In cases where more than one portfolio is recommended, the average performance of the portfolios was calculated.

Newsletter	Frequency	Cost	Performance
Margo's Market Monitor P.O. Box 642 Lexington, Massachusetts 02173 (617) 861-1489	Biweekly	\$125 in U.S. \$150 overseas	79.17%
InvestTech Mutual Fund Advisor 2472 Birch Glen Whitefish, Montana 59937 (406) 862-7777	18 issues per year	\$150 in U.S. \$177 overseas	73.12%
Wellington's Worry-Free Investing 4853 Cordell Ave., Penthouse 11 Bethesda, Maryland 20814 (301) 951-3800	Monthly	\$129 in U.S. \$144 overseas	67.65%
Telephone Switch Newsletter P.O. Box 2538 Huntington Beach, California 92647 (714) 898-2588	Monthly	\$117 in U.S. \$137 overseas	67.29%
The Mutual Fund Strategist P.O. Box 446 Burlington, Vermont 05402 (802) 658-3513	Monthly	\$127 in U.S. Same overseas	65.72%
Weber's Fund Advisor P.O. Box 3490 New Hyde Park, New York 11040 (516) 486-1252	Monthly	\$89 in U.S. \$109 overseas	54.24%
NoLoad Fund X 235 Montgomery St. San Francisco, California 94104 (415) 986-7979	Monthly	\$95 in U.S. Same overseas	48.97%
Stockmarket Cycles 2260 Cahuenga Blvd., Suite 305 Los Angeles, California 90068 (213) 456-5543	18 issues per year	\$198 in U.S. \$210 overseas (Specify fund portfolio)	41.19%
The Mutual Fund Monitor P.O. Box 628 Northampton, Massachusetts 01061 (413) 586-6520	Monthly	\$125 in U.S. \$140 overseas	40.88%
Mutual Fund Forecaster 3471 North Federal Highway Fort Lauderdale, Florida 33306 (305) 583-9000	Monthly	\$49 in U.S. \$64 overseas	40.06%

Fidelity Followers Keep It in the Family

MARGO Ballantine exhibits the adventurousness that marks many newsletter entrepreneurs. She has sailed across the Atlantic in a 32-foot sloop with her husband and started a quarterly publication on herbs. Then six years ago, she diversified into the financial field with Margo's Market Monitor, a bi-weekly newsletter that evaluates mutual funds offered by the giant Fidelity group.

She is not alone in this endeavor. The latest count shows a half-dozen well-known publications that devote themselves exclusively to helping investors decide which of Fidelity's 100 or so funds to buy or sell. Countless others dabble in it as a sideline.

Newsletters that focus on a single family of funds are not unique to Fidelity. But with a potentially immense readership at stake, it is hardly a surprise that the company's funds receive so much scrutiny. Fidelity manages over \$85 billion—spread among 4 million mutual fund accounts.

Indeed, the huge Boston-based company has taken the notion of a family of funds further than any other mutual fund group. There is virtually no sector of the stock, bond or money markets for which Fidelity has not created a fund. Investors can buy funds that specialize in utilities, technology companies, Pacific basin markets, New York municipal bonds and out-of-favor stocks.

Critics have argued that the creation of even more focused sector funds runs counter to one of the major reasons for purchasing a fund. For years, funds were touted as an inexpensive way for an investor to acquire a diversified portfolio whose assets are managed by a professional. Sector funds, however, essentially force individual investors to decide how to deploy assets.

George Foot, whose Mutual Fund Monitor newsletter includes Fidelity funds in its recommendations but does not use the group exclusively, says the narrowly focused funds have their perils. "They make conservative investors into hour-by-hour speculators," he says.

Still, the ease of switching among the Fidelity funds remains one of the big attractions of the group and a major marketing point for the newsletters that specialize in its funds.

Eric Kobren, a young marketing director at Fidelity, was one of the first to spot a business opportunity in the proliferation of funds. Two years ago, he quit his job and started Insight, which helps Fidelity investors sort out the differences among the various funds and the implications for their strategy.

"Obviously, my background played a large part," he says of his decision to limit the newsletter to Fidelity offerings. "But frankly, Fidelity has so many funds that it causes the most confusion."

Charlie Hooper is another veteran Fidelity watcher. His Mutual Fund Strategist eschews the conventional buy-and-hold philosophy so often applied to mutual fund investing. Instead, he favors active switching among Fidelity funds and does not hesitate to tell his 4,500 subscribers when to dump one portfolio and get into another.

On Oct. 1, Mr. Hooper switched his so-called sector portfolio out of Fidelity Select precious metals fund and into the Select technology fund. His diversified equity portfolio has been solely invested in the Fidelity Europe fund since mid-September.

Ms. Ballantine, whose Margo's Market Monitor came out on top in Hulbert's ranking of 18-month

performance ending June 30, views her major mission as helping investors overcome their inertia when opportunities arise.

For some investors, "it's hard to switch," she says. Her sector fund portfolio has been riding in a Fidelity money-market fund since April after cashing in her gains.

For the Fidelity funds that specialize in only a few equity issues, a newsletter's recommendation of a major switch can cause havoc. Fund managers have to sell shares in the portfolio to redeem fund holdings, which in turn depresses the price of the issues sold and the fund's net asset value.

IN RESPONSE to the growing influence of newsletters, Fidelity has tightened limits on the amount of money that can be exchanged among the funds in a single transaction. In some funds, such as the small, \$1.8 million Select insurance fund, Fidelity limits the maximum exchange to \$50,000. But minimums in other Select funds run into the millions, levels that would not inconvenience the average individual investor.

To avoid surprises for its portfolio managers, Fidelity has tried to develop what a spokesman called a "close and cooperative relationship" with some of the more widely followed newsletters that rely on switching strategies. The message to editors is that a little advance warning would be appreciated.

"If they work closely with us, it's good for the letters, their readers, and nothing untoward happens to the shareholders who may be affected," says the Fidelity spokesman.

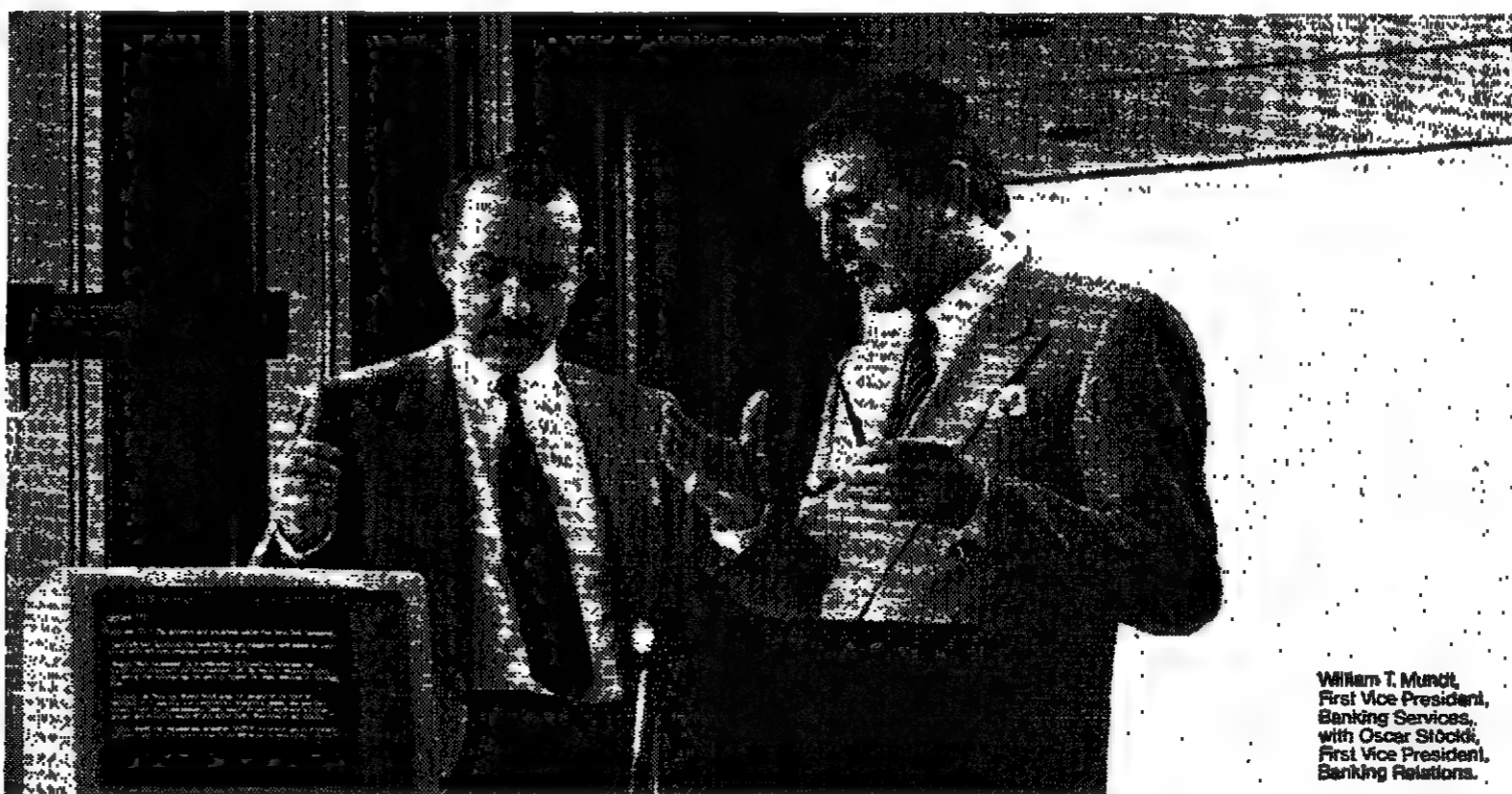
In the meantime, the Fidelity faithful who actively switch among the funds will be encountering stiffer fees.

For example, investors in the 30 or so Fidelity Select Portfolio funds are currently allowed five exchanges per month among the funds and charged \$10 for each transaction. After Dec. 1, the fee will be \$25. (Exchanges out of the money market fund remain free.)

Faced with these new policies, some newsletter editors who had

focused exclusively on Fidelity are widening their horizons. Mr. Hooper has recently begun offering a portfolio based on funds sold through Charles Schwab, the discount brokerage. "It's an alternative for investors who find themselves at the mercy of Fidelity's amount of restrictions," he says.

Joan Westreich



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Margo Ballantine writes her bi-weekly fund advisory letter from Lexington, Massachusetts.

FOCUS

Funds Debate Incentive Pay

Continued from page 7

the effects on funds of favorable or adverse market conditions.

In some diversified firms, the issue is sometimes one of how bonuses are allocated. A case in point was the defection this August of seven members of the international asset-management team at N.M. Rothschild & Sons, the London merchant bank. The resignations included James

Heyworth-Dunn, the chief operating officer and director of Rothschild International Asset Management.

Among the team's complaints was said to be Rothschild's profit-sharing arrangement. The plan was pegged to the broader performance of the merchant bank, rather than rewarding the asset-management team on the basis of its contribution to the bottom line.

Mr. Heyworth-Dunn and other members of the former Rothschild team have started an investment

boutique in London named HD International, which will offer fund-management services exclusively. To Richard Chandler, one of the principals of the new firm and a former director at Rothschild International Asset Management, the prospect of having a direct interest in the firm is alluring.

"It is obviously exciting to be in a place where you have a stake in your own success," he says.

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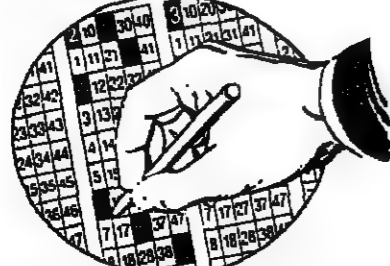
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STRATEGY

Funds: Balancing Risk, Reward

By John C. Boland

FOR INVESTORS eager to put money into the U.S. stock market but skeptical of their ability to pick good stocks, most brokers, advisers and financial columnists in recent years have advised buying a mutual fund, particularly one with a superior, long-term track record.

Often, the broker or adviser has just such a fund at hand, which may be managed in-house or carry a generous sales commission. Disinterested advisers usually add the words "no load," or no sales charge, to the list of characteristics that make a fund attractive.

Even then, the investor's job is daunting. Selecting a mutual fund involves many decisions similar to those faced in choosing an individual stock. Mutual funds are, after all, simply companies whose business is investing money for others. Management skill, business outlook and historic performance, while important, are no more infallible as guides to a fund's future as to a manufacturing company's future.

The attraction of mutual funds is that they provide a ready-made diversified portfolio. This insulates an investor from much of the risk and reward of investing in individual stocks. But skeptics of the industry offer caveats.

Over time, mutual funds as a group tend to reflect the performance of the broad market. Thus, even a fund with a superior five-year or 10-year record can lose money for investors in a bear market. By some outlookers' reckoning, the funds could be especially vulnerable in a bear market if shareholder redemptions forced the managers to dump stocks.

One way to control risk is by using the mutual fund as part of a portfolio, with other assets in such alternatives as money-market funds, says Robert Kinsman, who edits the Low-Risk Growth Letter in San Rafael, California.

He says an investor can adjust market risk by shifting the amount of equity funds and cash held. Success, though, requires skill in recognizing when the market contains high or low risk—an art that regularly eludes fund managers and other professionals.

In picking an equity fund, Mr. Kinsman looks to the track record and volatility relative to the market. Recently, he recommended the Manhattan Fund, with \$325 million in assets at midyear, which has gained 280 percent in five years through June 30. That period, which dates roughly from the start of the bull market, saw the Standard & Poor's 500-stock index rise 242 percent.

The Manhattan Fund's performance ranked it 15th nationally for the five years, according to Lipper Analytical Services. While some specialized funds did far better, the Merrill Lynch Pacific Fund topped the field with a 496 percent gain—Mr. Kinsman and other advisers are wary of such funds.

Gold stock funds performed spectacularly well in the late 1970s, says Joe Mansueto, president of Mutual Fund Values, a Chicago service that rates mutual funds. "But when inflation subsided, they had some rough years," he says.

Market Scoreboard

Stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in September.

	Percent Gain	Price Sept. 30		Percent Loss	Price Sept. 30
New York Stock Exchange:					
Compiled by Media General Financial Services. Prices in dollars					
Atlas Corp.	77	50.00	Gap Inc.	45	38.25
Wynn's Int'l	56	29.63	Ames Dept. Stores	31	17.25
Dynacorp	54	24.50	Telex Corp.	26	51.63
Irving Bank	51	76.63	Limited Inc.	23	36.00
Brookway Inc.	47	58.88	Phillips-Van Hausen	23	15.00
Service Resources	40	11.88	Family Dollar	23	12.38
Bundy	39	41.25	Reebok Int'l	20	17.63
Geico	38	31.13	Cray Research Inc.	19	92.88
First Mississippi	36	18.38	Wickes	19	16.50
	35	32.00	Pannhandle Eastern	19	27.38

Philippine Telephone	37	20.25
Texas Air Corp.	30	22.25
American Biltrite	24	12.38
Hudson Foods (A)	23	11.63
Hovnanian	20	13.13

Safecard Services	45	11.88
Sagette Technology	39	18.38
Allegheny Beverage	33	10.13
Charming Shoppes	31	23.75
Paul Harris Stores	28	13.75

Saatchi & Saatchi	13	568
Dea Corp.	10	238
Freemans	8	229
Bowthorpe	7	685
Int'l Thomson	7	301
Oxford Instruments	6	244
Bunzl	6	366
Unigate	6	275
Telephone Rentals	6	363
British Printing	5	560

Chugal Pharm.	20	1,890
Toyo Jozo	19	1,490
Kureha Chemical	18	1,380
Sanrio	17	5,070
Nissin Food	16	4,250
Descente	14	1,720
Sapporo Breweries	14	3,450
Industrial Bank Japan	14	2,000
Daiwa House	13	1,740
Sankyo	13	1,740

Investors must also look beyond five- and 10-year track records, Mr. Mansueto says, to see whether the performance is consistent. The American Capital Pace Fund, for example, ranked fifth on Lipper's roster of top performers in the 10 years to June 30, with a gain of 1,022 percent. But, Mr. Mansueto says, "Most of that came from the early years; since then, they've had a change of fund managers."

In the last 12 months, the \$3 billion fund substantially lagged behind the overall market.

Mr. Kinsman gives the no-load Manhattan Fund high marks for consistency. "It has been a very good performer for the risk that it takes," he says. Steady gains also characterized these funds:

• The Sequoia Fund, an \$800 million no-load fund. Its results in the last five years have not been spectacular—up 220 percent, or about 20 points behind the S&P 500. The fund is closed to new money—"a shame," Mr. Mansueto says. "It's my favorite fund,"

he adds. "They have a logical, disciplined value-oriented investment style."

• The Pennsylvania Mutual Fund, a no-load fund with \$360 million under management that likewise gets high marks from Mr. Mansueto. "They have a strong value emphasis, focusing on small-capitalization stocks, and they're very good at limiting risk," he says.

In the last five years, the fund has risen 241 percent, roughly matching the S&P 500. In the last year, it was up only 10 percent, well behind the averages. "This might be a very opportune time to invest in Penn Mutual," Mr. Mansueto says. "Small-cap stocks have lagged big-cap issues for a number of years, and that's likely to change."

• Mutual Shares, with \$1.9 billion under management at mid-year. This no-load fund is also closed to new accounts. In the five years through June, the fund's value grew 253 percent. "They do a

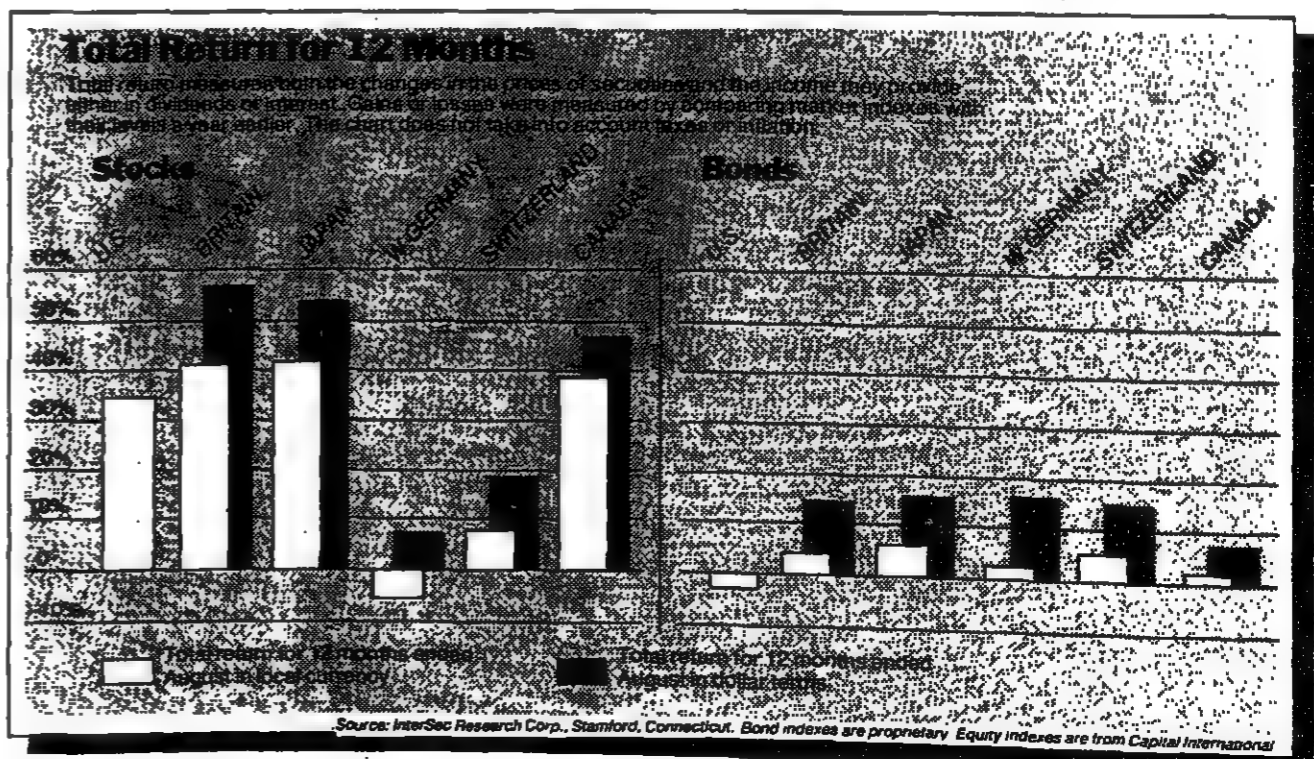
lot of distress situation investing," Mr. Mansueto says. "They tend to buy after all the bad news is out. If you get enough of these in a portfolio, it turns out to be a very low-risk way of investing."

Other diversified funds with steady, long-term performance include the low-loss and Fidelity Magellan Fund, an \$11 billion levathan that is up 376 percent in the last five years, and the \$6 billion no-load Windsor Fund, up 279 percent, which is closed to new investors.

Still, the big question is whether these funds would win laurels in a weak market. William E. Donoghue, president of Donoghue's Money Letter, is doubtful that any fund can weather all seasons.

"People look at track records a lot," he says. "I ask them, 'Can you buy the fund five years ago?' I can guarantee you, the world's worst investment has the best track record right before it declines."

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Fees: A Step Toward Fuller Disclosure

By Joan Westreich

BY NEXT spring, if the staff of the Securities and Exchange Commission has its way, investors in U.S. mutual funds should be able to pick up a fund's prospectus and better understand how sales charges, redemption costs and other expenses can affect a fund's return.

Although current regulations require that all fees be spelled out in a fund's prospectus, they typically are scattered throughout the document, making the task of computing costs and comparing the advantages of various funds a complicated matter.

Under the SEC's proposal, all fees would be grouped in a single table that would provide potential

investors with a graphic breakdown. This would include recurring and nonrecurring expenses, as well as a hypothetical example, illustrating how the charges affect performance over a period of time.

Any sales fees, or "loads" as they are known in the industry, levied on reinvested dividends would not be listed, however. Instead, the SEC's proposal requires that those funds engaged in "double dipping" must explain in a narrative following the table that these charges are not included.

Until recent years, such a table would have been unnecessary. Mutual funds were either load funds that were purchased through brokers and carried an 8.5 percent sales charge or no-load funds that were sold directly by fund management companies that charged no commissions.

Today, the distinction is

blurred. Some funds billing themselves as no-load funds actually charge low loads of 2 percent to 3 percent. Others charge sliding scale, back-end loads, or redemption fees when fund shares are sold.

A particularly irritating charge to investors has been the so-called 12b-1 fee, which has grown in popularity. This allows fund management companies to charge up to 1.25 percent of a fund's assets to cover marketing and advertising costs.

Theoretically, shareholders could benefit from certain marketing expenditures. A small fund, for instance, could grow and become more diversified as a result of a marketing campaign. But increasingly, critics of the mutual fund industry view 12b-1 simply as an excuse for the fund compa-

nies to fill their coffers at the expense of shareholders.

Tom Harman, chief of the SEC's Office of Disclosure and Adviser Regulation, says 12b-1 was "one of the driving forces behind the fee table; it was the fee that broke the camel's back."

It is also one of the reasons that the fund industry has dropped its objections to the fee table, a concept that dates to 1984. Mr. Harman notes that "disclosure is much more palatable than the abolition of the rule."

It remains to be seen whether the proposal will be adopted in its entirety. After the period for public comment expires on Oct. 18, SEC staff members will rework the proposal and send it to the regulatory agency's commissioners for approval. Officials are hoping to see fee tables appearing in prospectuses by next spring.

CLOSED-END

A Hard Look at New-Issue Boom

Here are some reasons to pass up newcomers.

By Cynthia Catterson

AFTER LAST YEAR'S record number of new closed-end fund issues, observers wondered how many more the market could absorb. The skepticism was understandable. By the end of 1986, 28 new funds had gone public, representing some \$5 billion in assets.

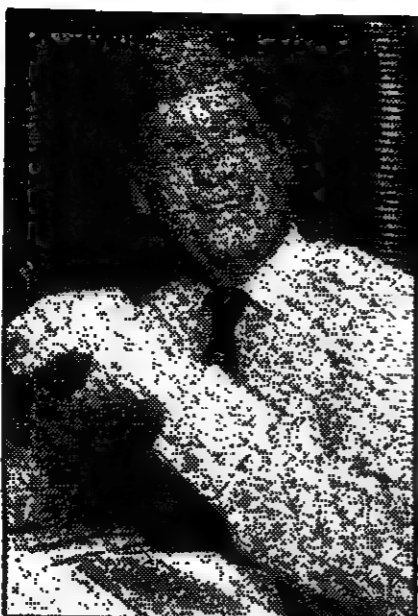
In retrospect, such uncertainty was unwarranted. So far this year, 22 new funds have come to market, surpassing the amount raised last year by \$2 billion. And with underwriters planning to introduce about 10 other funds before the end of the year, it seems certain that 1987 will break the record for the number of new issues as well.

Of course, the new-issue boom reflects investor demand. Closed-end funds offer investors the diversified portfolio and professional management services of a conventional mutual fund. The big difference is that closed-end funds issue a fixed number of shares whose price fluctuates on a stock exchange just like any equity issue. As a result, shares typically sell at a premium or discount to the fund's net assets.

But the record number of new offerings can also be explained in terms of underwriting fees. "Funds in general have become hot investment products for individual investors," says Sheldon Jacobs, editor of The No-Load Fund Investor, a newsletter. "But salesmen are quite eager to sell the closed-end funds because the underwriting fees are so good."

As an example, Mr. Jacobs points to last year's decision by the well-known investment adviser, Mario Gabelli, to launch two similar funds. One was a conventional, no-load mutual fund. The other was a closed-end fund, aggressively promoted by brokers.

The no-load Gabelli Asset Fund raised \$40 million in assets in the first few months. The closed-end Gabelli Equity Trust, however,



Money manager Mario Gabelli raised \$445 million in a closed-end offering.

raised more than \$445 million in the underwriting period alone. Says Mr. Jacobs, "That's what happens when you pay brokers 7 percent to sell a fund."

Unfortunately, many investors have found that their funds have not lived up to the hype that surrounded some of last year's new issues. Like a fine wine, closed-end funds generally improve with age, according to experts.

Though new issues typically trade at an average premium of about 6 percent, in most cases the shares will drop to an average 9 percent discount within the first six months of trading, according to Thomas J. Herzfeld, a South Miami-based investment adviser who specializes in closed-end funds.

A good example is a fund launched last year by Martin Zweig, another respected investment manager. Shares in the Zweig Fund have recently been trading at around last year's high. But the fund's assets have grown, with the stock now selling at a 16 percent discount to the fund's underlying value.

Many investors, who bought into the fund last year at a premium, are clearly upset, analysts say. As a result, Mr. Zweig has adopted an unusual policy of paying a 10 percent cash dividend to appease shareholders.

With underwriting fees running so high, Mr. Herzfeld maintains that the first few months of a fund's life are spent paying off the commissions.

Adds Calvin Puckett, president of Statens Capital Management in New York, "Even if the underlying performance of the fund is good, the investor is going to lose because there is no active aftermarket selling of these funds. It's ridiculous to buy a new closed-end fund at its initial public offering."

Indeed, this year's new issues have not fared much better than last year's. If anything, Mr. Herzfeld says, the increased number of new funds this year has put downward pressure on premiums of existing funds, while widening discounts of others.

Single-country or regional equity funds, often specializing in Asian markets, such as the Malaysia Fund, have been among the more exotic funds offered by underwriters in 1987.

Earlier in the year, however, the most popular funds were those that specialized in convertibles and bonds, reflecting in large part declining interest rates since 1981. There were nine new convertible and bond funds, accounting for nearly \$5 billion in assets. The biggest was the Nuveen Municipal Value Fund, which raised a record \$1.4 billion in June.

THE UPTURN IN interest rates since April has taken its toll, however. And experts are cautious about the future for closed-end bond funds. "People have been getting excited by the high yields of the past 12 months," says Mr. Puckett, "but they are naive to anticipate and expect the same performance in the coming year."

Instead of buying new issues, Mr. Puckett suggests investors look at open-end mutual funds that offer greater liquidity and diversification than their closed-end counterparts. Another alternative, he says, is to look for older, closed-end funds that are trading at discounts.

This is especially true when it comes to bond funds, Mr. Herzfeld believes. "Investors don't realize they could get much higher yields if they bought the portfolio directly," he says. "If the funds were buying bonds with an average coupon of 10 percent, the investor would really get only 9 percent because he has to give up a year's interest in underwriting expenses."

Still, if investors feel compelled to invest in a fund, Mr. Herzfeld suggests more established bond funds such as Excelsior Income Shares, managed by UST Advisory Co., First Pennsylvania Fund's Vestar Securities fund and Global Yield Fund, the first U.S. bond fund to invest globally. Global Yield is managed by Prudential-Bache.

Mr. Herzfeld also feels there is a good case to be made for some of the older convertible closed-end funds, if investors are seeking a good yield and some capital appreciation. Two funds that he likes, Lincoln National Convertible and Ellsworth Convertible, are selling at 18 percent and 16 percent discounts respectively.

Whether the boom in new closed-end fund issues will continue is a matter of conjecture. Mr. Puckett notes that underwriters have been including provisions to open-end the funds if discounts get too wide. Although the provisions are often vague, the trend represents a departure from recent attempts by underwriters to make it more difficult for shareholders to open-end funds.

Leading New Issues

Fund	Net Assets in Millions (Most recent report)
Duff & Phelps Selected Utilities	\$1,165
MFS Government Markets Income	\$782
Global Government Plus	\$480
Colonial Municipal Income	\$214
TCW Convertible Securities	\$200

Source: Thomas Herzfeld Advisors Inc.

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ONSHORE

The Growing German Appetite for Funds

Income-seeking elders and well-off offspring both buy.

By Gail Schares

FUND MANAGERS in West Germany are still shaking their heads in disbelief. Overnight, German investors seem to have developed an uncharacteristically large appetite for funds.

"We've never seen growth like this before," says Hans-Dieter auf der Springe, head of ADIG, West Germany's second largest investment fund, and a 30-year industry veteran. ADIG's funds have swelled by 2.5 billion Deutsche marks in the first eight months of 1987.

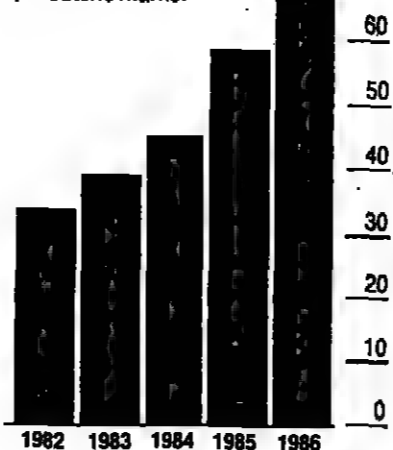
This year "will be the best growth year in our history," says Wolfgang Deml, president of Frankfurt-based Union Investment Gesellschaft, West Germany's fourth-largest investment company and managers of the country's largest stock fund, Unionfunds.

The surge of interest in funds does not signal any sudden shift away from the average German's conservative, risk-averse approach to investment, say industry observers. Buyers of fund shares are still thinking like long-term savers, with much of the money going into bond funds. And German fund holdings still lag behind the levels in Britain, France and Italy.

Still, even marginal changes in attitudes can have a big effect. During the first seven months of 1987, 9.8 billion marks flowed into the more than 160 investment funds, 30 percent over the same period in 1986, according to the Association of West German Investment Companies. That surge comes after 21-percent growth in 1986.

Steady Growth

Assets of West German public funds, millions of Deutsche marks.



Source: West German Association of Investment Companies

Scrambling to satisfy the demand, money managers have submitted applications this year to create more than 200 funds for both private and institutional investors.

Demographic forces seem to be playing a role. With a shift toward an aging population in West Germany and growing concern about the financial soundness of the social security system, Germans are moving assets from low-interest savings accounts, which earn between 2.5 percent and 3.5 percent, to investment funds to build up supplemental retirement income.

"There's a gap in the ability of the pension system to provide an adequate living for an aging population," Mr. auf der Springe says. "Investment has

become an essential element of long-term planning for each individual's retirement security."

Taking advantage of this trend, insurance companies have started aggressively marketing mutual funds — primarily bond funds — to customers when their life insurance policies mature. Insurance companies currently account for 20 percent of investment fund sales.

Understandably, fund managers are eager to set up partnerships with insurance companies. Insurance giant Allianz, which established its own investment company five years ago, boasts bond funds totaling over 1.1 billion marks.

West Germany's traditionally high savings rate bodes well for the fund industry. Based on the nation's savings rate, which stands at about 14 percent, West Germans are expected to put aside between 160 billion marks and 170 billion marks in 1987.

More important, the percentage of savings flowing into investment funds is on the rise. In 1986, 7.8 percent of private savings flowed into investment funds, up from 5.3 percent in 1985, according to the investment company association.

Finally, the investment industry is also benefiting from a new generation of prosperous and investment-conscious West Germans. "There is an incredible level of liquidity here," says Mr. Deml. "This is the first generation since the end of the war that has inherited any wealth."

Unlike many other European countries, West Germany has passed no laws granting tax benefits to encourage private investment. West German funds, however, can buy and sell shares without paying the stock market turnover tax of 0.5 percent, which investors would pay if they bought and sold the stock themselves. Sales charges for public investment funds in West Germany range from 30 marks to 150 marks, while the management fees average 5 percent.

Bond funds represent about two-thirds of the money in all funds. "The risk is small and the returns (5-7 percent) are still good" by German standards, explains Ruediger Paesler, spokesman for the investment companies association.

Of the 10 largest funds in West Germany, five are

international bond funds, three are domestic bond funds and two are funds that invest in real estate. International bond funds are currently more popular than domestic funds, due to their higher returns. Stock funds, meanwhile, have shown a small positive influx of funds in 1987 after shrinking in 1986. Nearly 550 million marks flowed out of equity funds in 1986 as investors cashed in on gains from the bull market of 1985 and early 1986. Equity funds totaled 13.7 billion at the end of July.

"There's not much going on in the German stock market at the moment to encourage investment," Mr. Paesler says. Domestic equity funds showed returns ranging from 7.4 percent to 22.5 percent in 1986, while some international stock funds showed spectacular annual growth of 40 percent to 50 percent in 1986.

WHEN THEIR FUND shares soar, German investors have tended to take the money and run. "The funny thing is, when a fund has a good performance, it shrinks because everyone cashes out," notes Mr. Paesler.

Fund officials still despair over such conservatism. "People here view stock funds as speculative investment," says Michael Kindsvater, marketing director at Frankfurt-based DEKA, Deka Deutsche Kapitalanlagegesellschaft. "They look only at the risk and they don't see the opportunity."

With corporate profits expected to strengthen in 1988, however, stock funds may become more interesting to investors in the months ahead. Of the 10 largest stock funds, technology, energy and raw materials funds have become increasingly popular, particularly with the better-informed investors, says Ernst Bracker, head of DWS, Deutsche Gesellschaft für Wertpapiersparen.

DWS's raw materials fund posted a hefty gain of 49.9 percent during the 12 months ending June 31. DWS's energy fund showed a healthy increase of 21.1 percent.

"I'm confident stock funds will become more popular," ADIG's Mr. auf der Springe says. "You can see the investment thinking changing all over Europe." □

Proposed Rule Changes Irk U.K. Fund Industry

By Marybeth Nibley

THE UNIT TRUST business in Britain is about to get a new watchdog after about five decades of being looked after by the Department of Trade and Industry. Understandably, the industry, in the midst of an unprecedented boom, is a bit nervous about what the incoming regulators have in store.

The Securities and Investment Board (SIB), which will take over responsibility for unit trusts in April, has already caused a stir with some draft regulations issued last month. While the public may regard some of the proposed rules as covering arcane matters, they would result in substantial changes in the way unit trusts are managed, advertised, bought and sold.

Among the proposed changes that would have the most impact on investors is a switch in the way unit trust shares are priced. Currently, unit trust shares are priced on what is called a historic basis. The net asset value of the shares at the end of the previous day is used to fix the price of a transaction.

The rules would result in substantial changes in the way unit trusts are run.

The SIB proposals would put pricing on a forward basis, as is the case for mutual funds in the United States. Forward pricing means the price would be determined at the next calculation after the order was placed rather than the previous one.

The rationale for forward pricing is to eliminate the opportunity for managers and speculators who closely follow the markets to profit at the expense of unit holders. Under the present system, in the cry at least, someone who knows the market has risen during the day can benefit by buying units before their price reflects the change in the value of the underlying securities.

The drawback to forward pricing is that investors will not know an exact price when they place orders. But John Fairburn, deputy

chairman of M&G fund group, says that is not a very serious burden. He estimates that more than half his firm's customers buy units without knowing precise prices. They have a rough guide to prices from newspaper listings when they submit applications by mail, and they find out the price at which their order was transacted after applications have been processed.

But Mr. Fairburn finds the SIB's regulations that affect the "box" more worrisome.

The box is a pool of unit trust shares that managers maintain. By running a minor clearing system, managers have an inventory of units on hand to satisfy customer demand. Any profits or losses on the operation of managing this pool of shares accrue to the manager.

For instance, if a manager buys back units from a customer and later resells them at a higher

price, the manager pockets the difference.

Management firms argue that there is nothing inherently wrong with making such profits. And, they say, by keeping a stock of units, a manager insulates holders from the impact of sales and redemptions.

Mr. Fairburn called the box "an essential buffer," but he adds, "The rules of box management should be tightened up."

On box management, the SIB would prohibit managers from selling units short. This means managers who expect a wave of investors cashing in their shares cannot sell units before they have been created by the trustees.

By selling these units before trustees have created them, the managers are able to raise the cash to pay off unitholders without resorting to the sale of the funds' securities holdings. Under the U.K. definition of unit trusts, only trustees can create or liquidate units.

The SIB's plan would not ban managers from building up holdings of units in anticipation of a rise in their value. In its draft, the board says prohibiting a manager from acting as a principal and trading on his own account "would represent a fundamental

change in the method of operating unit trusts, which has been the usual practice for decades."

Robin Dix, an SIB spokesman, notes that "members of the unsophisticated investing public would be surprised to learn that in addition to a fee, a manager is making a profit on the way he deals with the units." It has been estimated that as much as one-third of a manager's profit comes from dealings in his own account.

The SIB would further require managers to disclose how they set their prices for units. Formulas already exist to regulate the offer price, the maximum level at which the fund is selling units, and the bid price, the minimum buying prices.

At times when units are most in demand by investors, the price manager's quote will be closer to the maximum offer price. If a majority of customers decide to sell units, the price basis will shift toward the minimum bid price.

So investors can tell what conditions are in effect, the draft rules suggest that prices listed in newspapers should be designated as offer-based, bid-based and an intermediate price between the two.

Some managers said this requirement is unnecessary since the newspaper listings will reflect past

prices, not the ones at which they will be making deals if the forward pricing method is adopted.

"Since the only publication of unit trust prices will be on a historical basis — one or two days later — we fail to understand the logic of indicating whether such prices are on a bid, offer, or intermediate basis," Bill Sturford, chairman of the Unit Trust Association, wrote in a news release. "The information will effectively be useless to the investor, since it will give no indication as to the basis of the forward price at which he would have to buy or sell."

Another proposal would require that the initial sales charge on units be shown separately rather than included in the overall price. "This would bring units more into line with equities and also lead to greater transparency of charges," the SIB report explains.

The draft also calls for managers to set round unit prices in a way that the board says creates a hidden charge. Under the regulations, prices would be rounded up or down to five significant figures and not by 1 percent, or 1.25 pence per unit, whichever is smaller.

SIB has given the industry until Nov. 2 to respond, a period that fund-management executives complain is insufficient. □

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Al-Khobar, Mr. Ali Charnougi, tel.: 8981328.

Herald Tribune

OTC Consolidated trading for week ended Friday.

	Sales in 1996	High	Low	Class	Net Change
1	44	23	77	12%	1996
2	44	23	77	12%	1996
3	44	23	77	12%	1996
4	44	23	77	12%	1996
5	44	23	77	12%	1996
6	44	23	77	12%	1996
7	44	23	77	12%	1996
8	44	23	77	12%	1996
9	44	23	77	12%	1996
10	44	23	77	12%	1996
11	44	23	77	12%	1996
12	44	23	77	12%	1996
13	44	23	77	12%	1996
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34	44	23	77	12%	1996
35	44	23	77	12%	1996
36	44	23	77	12%	1996
37	44	23	77	12%	1996
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79	44	23	77	12%	1996
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Country	Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	24
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[illegible][illegible]

1. 姓名: 王德胜
 2. 性别: 男
 3. 年龄: 45
 4. 民族: 汉族
 5. 籍贯: 河南省郑州市
 6. 职业: 教师
 7. 学历: 本科
 8. 学位: 硕士
 9. 职称: 副教授
 10. 工作单位: 河南省教育厅
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 16. 子女情况: 一子一女
 17. 健康状况: 良好
 18. 政治面貌: 中共党员
 19. 宗教信仰: 无
 20. 其他: 无

Figures as at close of trading Friday

NEW YORK (AP)—		Std	As
The following securities, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday	USGovt	14.04	
	Calomex	12.11	
	CalMun	8.19	
	CalTrst	16.89	
	CalUSGv	9.12	
	Conserv Group:		
	Ariel	20.60	21.00
	Equity	24.44	24.00
	Inco	13.15	13.00
	SocTel	26.95	28.00
	TrF Lf	10.41	10.00
	TrF Lg	14.35	14.00
	US Gov	13.47	14.00

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Figures as of close of trading Friday

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OTC Consolidated trading for week ended Friday.

Figure 1: A schematic diagram of a 1D lattice chain. The chain consists of sites labeled 1, 2, 3, ..., N. A red arrow labeled 'hopping' points from site 1 to site 2. A blue arrow labeled 'interaction' points from site 1 to site 3. A green arrow labeled 'interaction' points from site 2 to site 3. A black arrow labeled 'interaction' points from site 1 to site N. A red arrow labeled 'hopping' points from site N to site N-1. A blue arrow labeled 'interaction' points from site N to site N-2. A green arrow labeled 'interaction' points from site N-1 to site N-2. A black arrow labeled 'interaction' points from site N-1 to site 1.

SPORTS

SPORTS BRIEFS

Ramirez Retains WBC Lightweight Crown

PARIS (UPI) — José Luis Ramirez of Mexico retained his World Boxing Council lightweight title Saturday night with a fifth-round knockout of Cornelius Boza-Edwards.

Ramirez, 28, downed Boza-Edwards with a right and a left to the face. With 100 victories and 5 losses, he made his first successful defense of the WBC title he has held twice. Boza-Edwards, 31, a native of Uganda who now is a British citizen, fell to 45-7-1.

Tewell Takes 3d-Round Lead in Florida Golf

PENSACOLA, Florida (AP) — Doug Tewell shot a 5-under-par 66 Saturday for the second consecutive day to take a one-stroke lead over Danny Edwards and Phil Blackmar after the third round of the Pensacola Open golf tournament.

Tewell had a three-round score of 12-under-par 201 at the Perdido Bay Resort. Edwards, the 1985 champion, with a 68 Saturday and a 67 Friday, was tied at 202 with Blackmar, who shot 66 and 69.

Edwards had gone into Saturday tied for the lead with Trevor Dodds at 134, both having shot 67s in the first two rounds. Dodds, with a 71 on Saturday, fell into a tie for fourth with Tom Byrum at 203.

Creme Fraiche Wins 2d Jockey Club Cup

ELMONT, New York (AP) — Creme Fraiche upset heavily favored Java Gold on Saturday and won the 1 1/2-mile (2,414-meter) Jockey Club Gold Cup at Belmont Park for the second straight year.

Ridden by Laffit Pincay Jr., Creme Fraiche was a 4-9 favorite over Java Gold, who had won three straight Grade I events — the Whitney, Travers and Marlboro Cup.

Li Sets Track Mark

HAMAMATSU, Japan (AP) — Li Hong of China set a world record for the women's triple jump with a leap of 14.04 meters (46 feet, 4 inches) at a track meet in this central Japanese city on Sunday.

Li, 22, smashed the previous mark of 13.85 meters, held by Sheila Hudson of the United States, on her third jump of the event. Her leap also topped the indoor record of 13.98 meters, held by Galina Chistyakova of the Soviet Union.

The women's triple jump was officially created just last year, and it has not been recognized as an Olympic event.

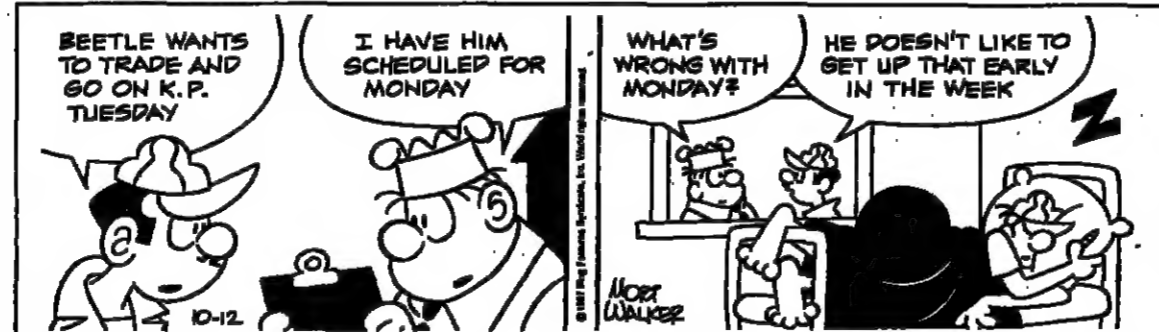
PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



VANTAGE POINT/Tony Kornheiser

The NHL Sure Knows How to Pull a Punch

WASHINGTON — What's new in National Hockey League this season? A serious attempt to eliminate the kind of Pier 6 brawling that turned the Montreal-Philadelphia playoff series into a steel cage wrestling match.

Surely you remember the Canadiens and Flyers engaging in the Great White North version of the Dance of the Sugarplum Fairies. Getting the jump on the night's regularly scheduled card, this particular fight started in pre-game warmups.

Montreal's Claude Lemieux and Shayne Corson were honoring their personal superstitions by shooting the puck into the opposition's empty net when Ed Hospodar and Chico Resch displayed their own cute superstitions by gangstering Lemieux and Corson.

In a flash, hordes of players, some wearing only skivvies and skates (a bold fashion statement, eh?) rushed onto the ice to duke it out. On and on they fought — during the game, between periods, later on in the hotel lobby. For all I know, they're fighting still.

No big deal. Some guys need a cup of coffee first thing in the morning. A real hockey player can't get started without blood trickling down the bridge of his nose. As hockey-sociologist Phil Esposito once remarked: "If they took away our sticks and gave us brooms, we'd still have fights."

Anyway, the spectacle was such an embarrassment to the NHL that a rule was written that imposes costly penalties not only on players who bolt from the puck in a few good hits, but on their coaches, too. Give the league credit for knowing where the responsibility for fighting lies. Most of its coaches send players over the boards like it's the landing on Omaha Beach.

First player off the bench draws a 10-game suspension; his coach, a five-game. Second player in gets five games off; his coach, three. We're talking serious sabbaticals. A 10-gamer bites off one-eighth of the season. Bad enough that one of your players gets the leave, but don't you think coaches are terrified about getting suspended? What if a coach's replace-

ment wins five in a row? Yo, coach! Phone call for you...

Jim Thompson, a Washington Capital farmhand, last season logged 41 fights and 395 penalty minutes in 67 games. Admitting his "hands get sore after a while," Thompson recently reflected on his role as a goon.

"A lot of times you fight the same guy, like it's part of the game. I fought Jay Fraser of Rochester eight times last year. It got to be

minority. There's still the belief that fighting serves a purpose in the game."

Shoppers in my aisle think the NHL is afraid that, without fighting, they've got soccer on the rocks. As in: Anybody got a forwarding address for the NASL?

Fan: "What time's the game tonight?" Ticket Window: "What time would you like us to send the limo for you?"

College hockey doesn't tolerate fighting. You fight, you're tossed for that game and the next one too. It's working great in college. On the flip side, maybe I just have seen college hockey it's been a while since I've seen college hockey on television. I don't know, what — 25 or 30 years?

People like Poile and Bryan Murray, Washington's coach, well-meaning people, not violent sorts themselves, think that wouldn't work in the NHL.

Strangely enough, Murray says, the one-on-one fight can function for law enforcement. "When you throw people out for fighting," he says, "everybody becomes a tough guy. They put the stick to you, knowing if you retaliate you'll be off the ice. When fighting's tolerated at least I have a recourse."

Poile and Murray also concur that tossing one-on-one fighters can foster a competitive imbalance that would penalize civil teams like the Caps.

"The trades are never even," says Murray, warning, "You'll send one of your lesser players after one of my stars just to sucker him into a fight and get him ejected." Poile believes fighting is gradually being weaned from the game anyway, and high-tech is to thank.

First helmets, now visors. You can break your hand landing a roundhouse on those shields (soon at drive-ins everywhere: "Gardi! Meets The Zamboni" starring Pat LaFontaine).

It's times like this when Dave Schultz, the old Flyer ruffian, probably sits back and reflects on just how lucky he was to have played in an era when it was still possible for a hardworking guy to punch somebody's teeth out just for the fun of it.

Conceded David Poile, the team's general manager: "If we wanted to take fighting out of the game, we'd have done it. I wouldn't be against eliminating it altogether, but I'm in the

where he'd skate up and say, 'How are you Jim?' and away we'd go."

Will the new rule stop that? No. The rule is there to stop brawls, not fights. Fights are always welcome here. This is Miller Time. This ain't no disco, eh?

"It seems to me," observed the Capitals' Craig Laughlin, "the fans want to see fighting. Who, after all, is kidding whom?"

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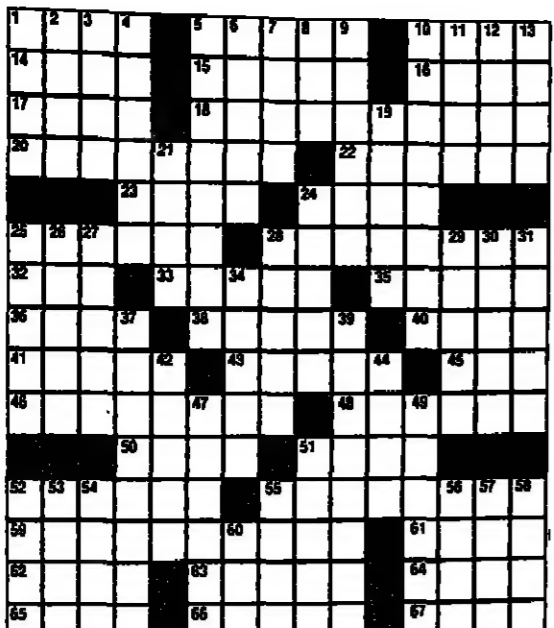
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ACROSS

1 Longest river in Spain
5 Bogus
14 Two in Nice
15 N.A. Indian
16 Turkish regiment
17 Partner of bit
19 Society's elite
20 TV show based on "Our Hearts Were Young and Gay"
22 Affection
23 Start of N.C.'s motto
24 He wrote "The Left Bank"
25 Cooler
26 Wordless comic bit
32 Tennis term
33 New Guinea
35 Eiffel Tower division
36 Ancient temples
38 Guidance of a sort
40 Author of "My People"
41 Jackets and collars
42 Successful coin
45 Norwegian
46 Hockey position

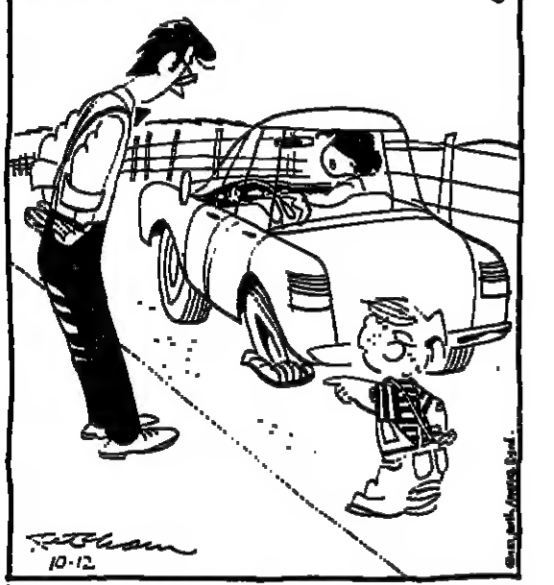
DOWN

1 What diskeasts do
2 Hebrew letter
3 Article
4 Type of mask
5 Kind of general
6 Spacious
7 Drinks like a dog
8 Address film: 1965
9 Cause bias by insinuation
10 Hair ornament

11 Astringent
12 Wear well
13 Acquaintances et al.
14 Hidden store
21 "The jig" —
24 Laughing
25 One-picture cartoon
26 Delight
27 Reserved of 1936
28 Engaged in litigation
29 Miss Hungary of 1936
30 Henry Wallace's middle name
31 Chromosome constituents
34 Showy spring flower
37 What banks give and receive
39 Temperance
42 Depone
44 Strip
47 Crept along
49 Dexterosus
51 Kind of jar
52 Came to earth
53 Additional
54 Minn.
55 ballplayer
56 Spanish jar
57 Mimics
58 Office necessity
60 Biographer Winslow

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DENNIS THE MENACE



JUMBLE

Unscramble these four jumbles, one letter to each square, to form four ordinary words.

JYKER
HEMTY
CONNAY
GERBID

MUSIC THAT GOES WELL WITH THEIR WORK.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: _____

(Answers tomorrow)

Friday's Jumbles: EXPEL ICING CUPPL KNIGHT
Answer: Another name for nepotism — "KINFOLUENCE"

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	12	10	Bangkok	84	74
Amsterdam	12	10	Bombay	84	74
Barcelona	12	10	Calcutta	84	74
Berlin	12	10	Chongqing	84	74
Bombay	12	10	Hankow	84	74
Buenos Aires	12	10	Harbin	84	74
Cairo	12	10	Hong Kong	84	74
Canton	12	10	Kobe	84	74
Cebu	12	10	Manila	84	74
Colon	12	10	Peking	84	74
Hankow	12	10	Tientsin	84	74
Hong Kong	12	10	Yokohama	84	74
Kobe	12	10			
London	12	10			
Los Angeles	12	10			
Madrid	12	10			
Moscow	12	10			
Munich	12	10			
Nice	12	10			
Osaka	12	10			
Paris	12	10			
Prague	12	10			
Rangoon	12	10			
San Francisco	12	10			
Seoul	12	10			
Shanghai	12	10			
Singapore	12	10			
Tientsin	12	10			
Yokohama	12	10			

MIDDLE EAST

ASIA	HIGH	LOW
Algeria	12	10
Bangkok	12	10
Bombay	12	10
Calcutta	12	10
Chongqing	12	10
Hankow	12	10
Harbin	12	10
Hong Kong	12	10
Kobe	12	10
Manila	12	10
Peking	12	10
Tientsin	12	10
Yokohama	12	10

OCEANIA

ASIA	HIGH	LOW
Algeria	12	10
Bangkok	12	10
Bombay	12	10
Calcutta	12	10
Chongqing	12	10
Hankow	12	10
Harbin	12	10
Hong Kong	12	10
Kobe	12	10
Manila	12	10
Peking	12	10
Tientsin	12	10
Yokohama	12	10

MONDAY'S FORECAST — CHANNEL: Rough, FRANKFURT: Rain, Tens. 14-17, 17-21, 21-25, 25-29, 29-33, 33-37, 37-41, 41-45, 45-49, 49-53, 53-57, 57-61, 61-65, 65-69, 69-73, 73-77, 77-81, 81-85, 85-89, 89-93, 93-97, 97-101, 101-105, 105-109, 109-113, 113-117, 117-121, 121-125, 125-129, 129-133, 133-137, 137-141, 141-145, 145-149, 149-153, 153-157, 157-161, 161-165, 165-169, 169-173, 173-177, 177-181, 181-185, 185-189, 189-193, 193-197, 197-201, 201-205, 205-209, 209-213, 213-217, 217-221, 221-225, 225-229, 229-233, 233-237, 237-241, 241-245, 245-249, 249-253, 253-257, 257-261, 261-265, 265-269, 269-273, 273-277, 277-281, 281-285, 285-289, 289-293, 293-297, 297-301, 301-305, 305-309, 309-313, 313-317, 317-321, 321-325, 325-329, 329-333, 333-337, 337-341, 341-345, 345-349, 349-353, 353-357, 357-361, 361-365, 365-369, 369-373, 373-377, 377-381, 381-385, 385-389, 389-393, 393-397, 397-401, 401-405, 405-409, 409-413, 413-417, 417-421, 421-425, 425-429, 429-433, 433-437, 437-441, 441-445, 445-449, 449-453, 453-457, 457-461, 461-465, 465-469, 469-473, 473-477, 477-481, 481-485, 485-489, 489-493, 493-497, 497-501, 501-505, 505-509, 509-513, 513-517, 517-521, 521-525, 525-529, 529-533, 533-537, 537-541, 541-545, 545-549, 549-553, 553-557, 557-561, 561-565, 565-569, 569-573, 573-577, 577-581, 581-585, 585-589, 589-593, 593-597, 597-601, 601-605, 605-609, 609-613, 613-617, 617-621, 621-625, 625-629, 629-633, 633-637, 637-641, 641-645, 645-649, 649-653, 653-657, 657-661, 661-665, 665-669, 669-673, 673-677, 677-681, 681-685, 685-689, 689-693, 693-697, 697-701, 701-705, 705-709, 709-713, 713-717, 717-721, 721-725, 725-729, 729-733, 733-737, 737-741, 741-745, 745-749, 749-753, 753-757, 757-761, 761-765, 765-769, 769-773, 773-777, 777-781, 781-785, 785-789, 789-793, 793-797, 797-801, 801-805, 805-809, 809-813, 813-817, 817-821, 821-825, 825-829, 829-833, 833-837, 837-841, 841-845, 845-849, 849-853, 853-857, 857-861, 861-865, 865-869, 869-873, 873-877, 877-881, 881-885, 885-889, 889-893, 893-897, 897-901, 901-905, 905-909, 909-913, 913-917, 917-921, 921-925, 925-929, 929-933, 933-937, 937-941, 941-945, 945-949, 949-953, 953-957, 957-961, 961-965, 965-969, 969-973, 973-977, 977-981, 981-985, 985-989, 989-993, 993-997, 997-1001, 1001-1005, 1005-1009, 1009-1013, 1013-1017, 1017-1021, 1021-1025, 1025-1029, 1029-1033, 1033-1037, 1037-1041, 1041-1045, 1045-1049, 1049-1053, 1053-1057, 1057-1061, 1061-1065, 1065-1069, 1069-1073, 1073-1077, 1077-1081, 1081-1085, 1085-1089, 1089-1093, 1093-1097, 1097-1101, 1101-1105, 1105-1109, 1109-1113, 1113-1117, 1117-1121, 1121-1125, 1125-1129, 1129-1133, 1133-1137, 1137-1141, 1141-1145, 1145-1149, 1149-1153, 1153-1157, 1157-1161, 1161-1165, 1165-1169, 1169-1173, 1173-1177, 1177-1181, 1181-1185, 1185-1189, 1189-1193, 1193-1197, 1197-1201, 1201-1205, 1205-1209, 1209-1213, 1213-1217, 1217-1221, 1221-1225, 1225-1229, 1229-1233, 1233-1237, 1237-1241, 1241-1245, 1245-1249, 1249-1253, 1253-1257, 1257-1261, 1261-1265, 1265-1269, 1269-1273, 1273-1277, 1277-1281, 1281-1285, 1285-1289, 1289-1293, 1293-1297, 1297-1301, 1301-1305, 1305-1309, 1309-1313, 1313-1317, 1317-1321, 1321-1325, 1325-1329, 1329-1333, 1333-1337, 1337-1341, 1341-1345, 1345-1349, 1349-1353, 1353-1357, 1357-1361, 1361-1365, 1365-1369, 1369-1373, 1373-1377, 1377-1381, 1381-1385, 1385-1389, 1389-1393, 1393-1397, 1397-1401, 1401-1405, 1405-1409, 1409-1413, 1413-1417, 1417-1421, 1421-1425, 1425-1429, 1429-1433, 1433-1437, 1437-1441, 1441-1445, 1445-1449, 1449-1453, 1453-1457, 1457-1461, 1461-1465, 1465-1469, 1469-1473, 1473-1477, 1477-1481, 1481-1485, 1485-1489, 1489-1493, 1493-1497, 1497-1501, 1501-1505, 1505-1509, 1509-1513, 1513-1517, 1517-1521, 1521-1525, 1525-1529, 1529-1533, 1533-1537, 1537-1541, 1541-1545, 1545-1549, 1549-1553, 1553-1557, 1557-1561, 1561-1565, 1565-1569, 1569-1573, 1573-1577, 1577-1581, 1581-1585,

